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HISTORY OF AMERICAN COINAGE

BY
DAVID K. WATSON

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BY

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DEDICATED
TO
MY BROTHER
JAMES WATSON



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PREFACE

THE history of gold and silver coinage in the United States may properly be divided into six periods. The first embraces the time from the erection of a mint by the colony of Massachusetts in 1652 to the adoption of the Federal Constitution in 1789. During this period much progress was made towards the development of an ultimate system of coinage by the general Government.

The reports of Morris to the President of the Colonial Congress, the recommendations of the Board of Treasury and of the Grand Committee on the Money Unit, the Resolutions and Ordinances of the Colonial Congress, with the provision of the Articles of Confederation in reference to coinage, were all influential factors in formulating the subsequent policy of the government concerning the establishment of a mint and the coinage of the metals.

The second period dates from 1789 to 1834, when the country had the double standard of gold and silver, and all coins were full legal tender, and the mint was open to the free and unlimited coinage of each metal at the weight and ratio established by

the Act of 1792. This may be called the double-standard period.

The third period was from 1834 to 1853. The coinage of gold during this period was at the reduced weight of the pure gold in the gold coins, as fixed by the Act of 1834, which brought the ratio of coinage very near the proportion of 16 to 1. The purpose of the Act of 1834 was to retain the gold coins for circulation in the United States, they having disappeared by reason of gold being undervalued by the Act of 1792, which established the ratio at 15 to 1. The Act of 1837, fixing the weight of the silver dollar at $412\frac{1}{2}$ grains, was passed during this period. In practical effect this period marks the first transition from the double to the single standard.

The fourth period was from 1853 to 1873. The Act of 1853 reduced the weight of the subsidiary silver coins and limited their coinage to the pleasure of the Government, and limited their legal-tender power to five dollars, but the silver dollar was not affected by the act. The effect of this act was the abandonment of the double standard.

The fifth period was from 1873 to 1878, during which time no silver dollars were coined, and the subsidiary silver coins were limited in legal-tender power to five dollars.

From 1878 to 1898 constitutes the sixth period. During this time the important Acts of 1878, 1890,

and 1893, and the Act of 1898, which directed the coinage of not less than 1,500,000 silver dollars per month, were passed. Under the Act of 1878 the Government resumed the coinage of silver dollars, which had been suspended by the Act of 1873, and made them a legal tender for all debts and dues, public and private, except where the contract otherwise provided. The act also directed the Secretary of the Treasury to make monthly purchases of silver bullion, limiting him to the market price thereof and specifying the minimum and maximum amounts which he should purchase and coin per month, and further provided for depositing any number of silver dollars above ten with the Treasurer or any Assistant-Treasurer of the United States and receiving therefor silver certificates for an equivalent sum, the dollars so deposited being kept in the Treasury with which to pay the certificates when presented. The certificates thus issued were receivable by the government for customs, taxes, and all public dues, but were not legal tenders.

The Act of 1890 repealed that portion of the Act of 1878 which required the monthly purchase and coinage of a given amount of silver bullion into dollars, and directed the Secretary of the Treasury to purchase from time to time silver bullion, but not to exceed 4,500,000 ounces, or so much thereof as might be offered, in each month, limiting the price, as under the Act of 1878, to the market value

thereof, and not to exceed one dollar for 371 $\frac{1}{4}$ grains of pure silver. To pay for the bullion so purchased the Secretary of the Treasury was to issue the notes of the United States, designated in the act as Treasury notes. These notes were redeemable upon demand in coin at the Treasury of the United States, and when redeemed might be reissued. Unlike the silver certificates issued under the Act of 1878, they were legal tender for all debts, public and private, unless the contract stipulated to the contrary, but like these certificates were receivable for customs, taxes, and public dues. Upon the demand of any holder of the same the Secretary of the Treasury was compelled to redeem these notes in gold or silver coin at his discretion. This act required the Secretary of the Treasury to coin 2,000,000 ounces of silver bullion each month into dollars, until the first day of July, 1891, and required him after that date to coin as many dollars as would be necessary to provide for the redemption of the notes issued under the act.

The Act of November 1, 1893, repealed the purchasing clause of the Act of July 14, 1890, and declared it to be the policy of the United States to continue the use of both metals as standard money and to coin both gold and silver at equal intrinsic and exchangeable value.

The Acts of 1878 and 1890 were in force for a period of fifteen years. They, as well as the Act

of 1893, never received the approval of many of our ablest financiers, and were regarded as a compromise between the gold and silver forces of the country as represented in Congress. The issuing of silver certificates or Treasury notes, based upon silver dollars, or silver bullion deposited in the Treasury, was an innovation upon the established policy of our Government and was purely experimental, but the certificates or notes by reason of their convenience became popular as money and were preferred to silver.

I have undertaken to write a general history of American coinage during these periods. I do not desire that this book shall be regarded as a treatise on existing relations between gold and silver in the United States. It was not written for that purpose. It makes no pretense beyond what may be implied from its name,—A General History of American Coinage,—which, I trust, will inform those who read it concerning the origin and growth of our coinage system and the cause of its instability.

In the appendices will be found the Reports made by the Board of Treasury to the President of the Confederate Congress on the 8th of April, 1786, together with the letter and observations of the Board which accompanied the Reports. These are important contributions to the history of our coinage, and indicate the careful and painstaking attention which was given to this subject in that early day.

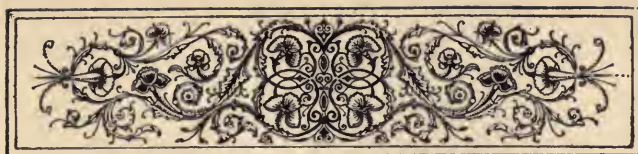
It has been necessary during the preparation of this volume to quote from the Acts of Congress, from reports of committees, and other public documents, and from speeches and authors, and I have not hesitated to do so when in my judgment it was proper; but the quotations and references are accurate and reliable.

I take pleasure in acknowledging my obligations to Mr. Andrew H. Allen, Librarian in the State Department at Washington, and his obliging assistants, for favors shown me, and especially for allowing me access to the original manuscripts in the Department of Rolls; and also to Mr. George E. Roberts, Director of the Mint, and his accommodating assistants, for various courtesies extended during the preparation of this volume.

D. K. W.

COLUMBUS, OHIO, March 9, 1899.





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HISTORY OF AMERICAN COINAGE

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COLONIAL COINAGE

Virginia's Attempt to Coin Money—History of the Massachusetts Mint—Its Coins Legal Tender—The Mint—The King's Displeasure—Revocation of Colonial Charter—Other Efforts to Establish Mints—Colonial Coins Issued in England.

COINAGE is the conversion of metal into money by governmental direction and authority. The establishment and growth of the coinage system of the United States constitute an important and interesting part of our financial history.

Virginia was the first of the colonies to attempt the erection of a mint and the coinage of money. In 1645 an act was passed for that purpose by the Grand Assembly of that colony, composed of the Governor, Council, and Burgesses.

The act recited that the "Grand Assembly having maturely weighed & considered how advantageous a quoine current would be to this colony, and the great wants and miseries which do daily happen vnto it by the sole dependency upon tob'o. have at length resolved and enacted," etc.¹ Notwithstanding the provisions of this act there is no authentic proof that the mint was ever constructed.

Seven years later the colony of Massachusetts established a mint for coining small silver pieces, which continued in successful operation for more than thirty years and was the first institution of that character on this continent.

John Hull, who was appointed manager, has left the following account of how it came to be erected. "Upon occasion of much counterfeit coin brought in the country, and much loss accruing in that respect (and that did occasion a stoppage of trade) the General Court² ordered a mint to be set up. . . . And they made choice of me for that employment and I chose my friend Robert Saunderson to be my partner, to which the Court consented."³

¹ Hickcox, *American Coinage*, 89.

² This Court was composed of the Governor, Deputy Governor, and and not more than eighteen freeholders.

³ Crosby, *Early Coins of America*, p. 31.

The mint appears to have been subject to the orders of the Court, which from time to time gave directions concerning it. The first order was made on the 27th of May, 1652, "That all psons whatsoever haue libertie to bring vnto the mint house, at Boston, all bullion, plate, or Spanish coyne, there to be melted and brought to the alloy of sterling siluer by John Hull, master of the sd mint, & his sworne officers, & by him to be coyned into twelue pence, six pence, & three pence peeces," etc.¹

Serious differences having arisen between the Court and managers of the mint concerning the profits accruing to them, the Court appointed a committee to "treate wth the mint masters for allowing such annuall some as may be agreed vpon as a meete honorarium to the country for the yearely benefitt they receive by minting, . . . or otherwise to declare that this Court intends to agree wth some other meete person to minte the money of this country."

The committee reported: "Wee haue, according to order, treated wth the mint masters, M^r Hull & M^r Saunderson, & finde them vtterly vnwilling to pay any certaine proportion to the country of the

¹ Hickcox, pp. 92, 93.

allowance paid them for coining money, only they offered ten pounds as a free gift to the country, in case they will please to accept of it; but the committee refused that proffer. This is the present state of that affaire; leaving it to y^e Court to take such further order therein as vnto them seemes meete. Dat. 6th June, 1661.

DANIEL GOOKIN,
RICHARD RUSSELL,
ANTHONY STODDARD,
WILLIAM PARKE.”¹

The Court judged it “meete to order that the committee should again treat with the mint masters and accept the ten pounds and any additional amount they could get.”

In pursuance of this last order the commissioners again conferred with the directors and came to an agreement with them which the Court directed “to continue in force for seven years, any lawe to the contrary notwithstanding.”

The profits accruing to the managers of the mint under their contract continued to be a matter of much concern to the public and the controversy between them and the Court was renewed at the

¹ Hickcox, p. 94.

expiration of the seven years and another committee was appointed to confer with the managers about their compensation.

As the result of this conference the committee reported:

“ BOSTON IN NEW ENGLAND,¹

“ October 4th, 1667.

“ In observance of an order of the Generall Court, held the 15th of May, 1667, nominating & impowring vs, whose names are subscribed, to treat & agree wth the masters of the mint,—wee hauing duely weighed the countrys interest in the aediffices aperteyning to the sajd office, and agitated the matter wth M^r Jno. Hull & Mr. Robert Saunderson, the present mint masters, haue agreed wth them as followeth, namely; in consideration of the countrys disbursements on the sajd aediffices, & for the interest the Generall Court hath therein, to pay vnto the public treasury, wthin sixe months next coming, forty pounds in money, and for seuen yeares next coming (the sajd Hull & Saunderson, or either of them personally abiding in the sajd imploy) to allow the public tresury annually in money tenn pounds, the sajd terme to beginne from the date aboue named. In witness hereof the sajd Hull and

¹ Hickcox, 95.

Saunderson haue herevnto put their hands the day
& yeare aboue written.

	JNO. LEUERET,
JOHN HULL,	THO. DANFORTH,
ROBERT SAUNDERSON.	ANTHONY STODDARD,
	WM. PARKE."

" The Court thankfully acknowledgeth the good
service of the gent^a subscribers in the premisses,
and order it to be recorded."

At the expiration of this contract it was again re-
newed for a further period of seven years, as shown
by the return of the parties appointed by the Court
to confer with the masters. Upon the return being
made, the Court ordered the following entry upon
the records:

" The Court approoves of this retorne, and the
settlement of the mint accordingly, As attests.

EDWARD RAWSON, Secretary."

The coins of this mint were legal tender within
the jurisdiction of the Court. The mint house was
a small wooden structure fifteen feet square and ten
feet high.¹

The mint having been established and operated
without royal consent, reports and complaints con-

¹ Hickcox, 6.

cerning it were made to the king, who expressed his disapproval of its continuance, and it is related by some historians that its existence was one of the reasons why the first charter of the Massachusetts colony was revoked in 1684, about which time the operation of the mint ceased.¹

In the colony of Maryland an act was passed on the 1st of May, 1664, "concerning the setting up of a mint within the province of Maryland." It was no doubt in the contemplation of this act that a mint should be established and the coinage of money carried on, but there is no evidence that it was done. About the same time the provinces of Carolina and New Hampshire attempted to establish mints and coin copper, but seem to have been unsuccessful.

Coins for circulation in the colonies were struck in England by royal authority in 1722 during the reign of George I., and also in 1733 under George II. Foreign coins and those struck by the Massachusetts mint were the coins in circulation in the colonies until after the Articles of Confederation were entered into by those dependencies.

¹ Hickcox, I-II.



CHAPTER II

FROM CONFEDERATION TO CONSTITUTION

Provisions of the Articles of Confederation Concerning Coinage—Grants by States to Individuals to Coin Copper—Another Massachusetts Mint—Congress Instructs Morris to Report on Foreign Coins—Morris Addresses a Communication to President of Congress Favoring a Mint and the Decimal Ratio—His Views on the Money Unit—His Report Received—Directed by Congress to Prepare Plans for a Mint—Morris Reports on Foreign Coins—Also on Establishing a Mint—Jefferson Examines Report of Morris—Approves his Decimal Plan but Opposes his Money Unit—Jefferson on the Money Unit—Favors the Dollar as the Unit—No Action by Congress on Reports of Morris or Jefferson—Letters of Madison and Washington—Report of the Committee on the Money Unit—Favors the Dollar as the Unit and the Decimal System—The Board of Treasury—It makes Three Reports—Resolution of Congress—The Silver Dollar to Contain $375\frac{64}{100}$ grains—Favors Two Gold Coins, Eagle and Half-Eagle—Ordinance for a Mint—Device for the Coins—Letter of Franklin—Provisions of the Ordinance not Carried out—Reasons why—Weakness of Articles of Confederation—Desire for Stronger Ties of Union—Constitutional Convention—Constitution Adopted by Convention and Transmitted to Congress—Adopted by Congress and Referred to the States—Opposition to it in the States—Its Final Adoption—Election of Washington and Adams—First Congress.

THE Articles of Confederation were adopted July 9, 1778. Relative to coinage they provided: "The United States in Congress assembled shall have the sole and exclusive right and power of

regulating the alloy and value of coins struck by their own authority, or by that of the respective States.”¹

Under this provision the right to coin money was reserved to each State, but the right and power to regulate the alloy and value of the coins was placed in Congress. After the adoption of the Articles the right to coin copper was granted by some of the States, notably Vermont, Connecticut, and New Jersey, to individuals or companies; while Massachusetts passed an act for the erection of a mint and the coinage of gold, silver, and copper. The mint was erected, but only copper coins were issued from it.

The silver coins, which constituted the principal money in use, came mostly from foreign countries and were of great variety and fluctuated greatly in value. Even the Spanish milled dollar, which, because of its convenience and because it was the only dollar piece in circulation, was accepted as the unit of account, is said to have changed its value almost every time it crossed a colonial line.²

¹ Article IX. of Articles of Confederation.

² For a fine statement concerning the variety of coins in circulation among the colonies at this time see Fiske's *Critical Period of American History*, p. 165.

On the 7th of January, 1782, the Congress of the Confederation instructed Robert Morris, who was Superintendent of Finance, an office corresponding to our Secretary of the Treasury, to prepare and report to Congress a table of rates at which the different species of foreign coins most likely to circulate within the United States should be received at the Treasury.¹

Instead of complying with the instructions, Morris addressed a communication to the president of Congress in which he discussed the inequality in the value of the foreign coins in circulation in this country and the great inconvenience arising therefrom, and suggested the benefits to be derived from the States establishing a mint and coining their own money, "and that it was desirable that money should be increased in the decimal Ratio, because by that means all calculations of Interest, exchange, insurance and the like are rendered much more simple and accurate, and, of course, more within the power of the great mass of people. Whenever such things require much labor, time and reflection, the greater number, who do not know, are made the dupes of the lesser number who do." ²

¹ *Journal of Congress*, vol. xxxiii., p. 8.

² Wharton's *Diplomatic Correspondence*, vol. v., pp. 103-110.

After giving the different values of the dollar, the report concerning the money unit says: "The money unit of a new coin to agree without a fraction with all these different values of a dollar except the last, will be the fourteen hundred and fortieth part of a dollar, equal to the sixteenth hundredth part of a crown." . . .

Morris's communication was the first discussion of the relationship between gold and silver which had been addressed to the president of Congress. It is still regarded as a comprehensive treatment of the subject.¹ It was referred to a committee, which gave it consideration and submitted it to Congress, and on the 21st day of February, of the same year, that body passed a resolution approving of the establishment of a mint, and directed Morris to prepare a plan for its erection and government and report the same to the House.² This was the first resolution passed by Congress which committed that body in favor of the establishment of a mint.

¹Gouverneur Morris was Assistant Financier to Robert Morris. Some authors claim he wrote the report referred to, and that as a financier he excelled Robert Morris. Fiske says he was the author of our decimal system of counting. There was no relationship between the two men. See Roosevelt's *Life of Gouverneur Morris*, 103.

²*Journal of Congress*, vol. xxxiii., p. 51.

On the 12th of December, 1782, Morris submitted his report in compliance with the resolution of Congress passed on the 7th of the previous January.

The report¹ recited that it was important some fixed proportion be established between the different foreign coins most likely to circulate, until money be coined by authority of the United States, and recommended that from and after the first day of January, seventeen hundred and eighty-three, "English silver Coin be received at the rate of one dollar and sixteen-ninetieths of a dollar by the ounce; Dutch silver coin at the rate of one dollar and fifteen-ninetieths by the ounce; French Silver coin at the rate of one dollar and fourteen-ninetieths by the ounce; Portugeeze Silver coin at the rate of one dollar and thirteen-ninetieths by the ounce. English, Spanish and Portugeeze Gold Coin at the rate of seventeen dollars by the ounce, and French Gold Coin at the rate of sixteen dollars and sixty-eight-ninetieths by the ounce."

Owing to public duties, Morris was unable to give attention to the resolution directing him to prepare a plan for the erection and government of a

¹ *Letters and Reports of the Superintendent of Finance*, No. 137, vol. ii., p. 95.

mint until the next year, when he sent the following communication to the president of Congress concerning it:

“OFFICE OF FINANCE, April 23, 1783.¹

“SIR:—On the 21st of February, 1782, Congress were pleased to approve of the establishment of a mint, and to direct the superintendent of finance to prepare and report a plan for conducting it. This matter has been delayed by various circumstances until the present moment. I now enclose specimens of a coin, with a view that if Congress should think proper to appoint a committee on the subject, I may have the honor of conferring with them and explaining my ideas of the plan for establishing and conducting a mint. Such plan when reported by a committee will more probably meet the ideas of Congress than any which I might prepare.

“I have the honor to be, &c.,

“ROBERT MORRIS.”

At the time Morris made his first report to the president of Congress, Jefferson was a member of the House of Representatives and of the committee

¹ Wharton's *Diplomatic Correspondence*, vol. vi., p. 392.

to which the report was referred. Following his natural instinct for investigation he made a careful examination of the report, and submitted his conclusions thereon to the committee. He approved Morris's plan of abolishing the prevailing system of keeping accounts in pounds, shillings, and pence, and adopting the decimal system, but he opposed his plan of making the 1440th part of a dollar the money unit, because "it was too minute for ordinary use, too laborious for computation, either by the head or in figures."¹

In his suggestions on the money unit, Jefferson says: "In fixing the unit of money these circumstances are of principal importance:

"1. That it be of convenient size to be applied as a measure to the common money transactions of life.

"2. That its parts and multiples be in an easy proportion to each other, so as to facilitate the Money Arithmetic.

"3. That the Unit and its parts or divisions be so nearly of the value of some of the known coins as that they may be of easy adoption by the people."

¹ Jefferson's *Autobiography*, p. 53.

He then elaborates concerning these propositions, and continues: "If we adopt the dollar for our unit, we should strike four coins, one of gold, two of silver, and one of copper, namely:

" 1. A golden piece equal in value to ten dollars.

" 2. The unit, or dollar itself, of silver.

" 3. The tenth of a dollar, of silver also.

" 4. The hundredth of a dollar, of copper."

Again, in speaking of the unit, he uses this language: "The unit, or dollar, is a known coin, and the most familiar of all to the minds of the people. It is already adopted from South to North, has identified our currency, and therefore happily offers itself as a Unit already introduced. Our public debt, our requisitions and their apportionments, have given it actual and long possession of the place of Unit. I know of no Unit which can be proposed in competition with the dollar, but the pound; but what is the pound? 1547 grains of fine silver in Georgia; 1289 grains in Virginia, Connecticut, Rhode Island, Massachusetts, and New Hampshire; 1031 $\frac{1}{4}$ grains in Maryland, Delaware, Pennsylvania, and New Jersey; 966 $\frac{3}{4}$ grains in North Carolina and New York.

"Which of these shall we adopt? To which

State give that pre-eminence of which all are so jealous? And on which impose the difficulties of a new estimate for their coin, their cattle, and other commodities? Or shall we hang the pound sterling as a common badge about all their necks? This contains $1718\frac{3}{4}$ grains of pure silver. It is difficult to familiarize a new coin to the people. It is more difficult to familiarize them to a new coin with an old name. Happily the Dollar is familiar to them all, and is already as much referred to for a measure of value as their respective State (provincial) pounds.”¹

It cannot be fairly claimed that Jefferson gave any preference to the coinage of either gold or silver. His report favored the coinage of both metals into money of convenient denominations, silver into “the unit or dollar” and “the tenth of a dollar,” and gold into “a golden piece equal in value to ten dollars,” afterwards, under our coinage laws, known as the eagle. The dollar was the most common and familiar of all pieces of money then in use and naturally suggested itself as a suitable and convenient coin to be retained in any system of coinage

¹ Reports of Committee on Finance of the Continental Congress, No. 26, pp. 545-556.

which the Government should adopt, but it was no more a unit than the eagle was ten units. Neither was it any more the basis of the silver coinage than the eagle was the basis of the gold coinage.

Accurate, important, and comprehensive as the reports of Morris and Jefferson were, Congress at that time took no distinct action concerning either of them, although the financial condition of the country was deplorable and everywhere the necessity of national legislation on the subjects of currency and coinage was felt. The following letter from Madison to Monroe may be taken as fairly expressing the sentiments of the times on such current topics.

“ April 28, 1785.

“ DEAR SIR:— . . . I hear frequent complaints of the disorders of our coin and the want of uniformity in the denominations of the states. Do not Congress think of a remedy for these evils ? The regulation of weights and measures seems also to call for their attention. Every day will add to the difficulty of executing these works. If a mint be not established and a recoinage effected while the federal debts carry the money thro’ the hands of Congress, I question much whether their limited

powers will ever be able to render this branch of their prerogative effectual. . . .

“ JAMES MADISON.”¹

In August of the same year Washington expressed his views of the matter in the following letter to William Grayson :

“ DEAR SIR:— . . . I thank you for the several articles of intelligence contained in your letter, and for the propositions respecting a coinage of gold, silver, and copper; a measure which, in my opinion, has become indispensably necessary. Mr. Jefferson’s ideas upon this subject are plain and simple; well adapted, I think, to the nature of the case, as he has exemplified by the plan. Without a coinage, or unless some stop can be put to the cutting and clipping of money, our dollars, pistareens &c. will be converted, as Teague says, into five quarters; and a man must travel with a pair of scales in his pocket, or run the risk of receiving gold at one-fourth less than it counts. . . .

“ I am &c., &c.

“ G. WASHINGTON.”²

“ MOUNT VERNON, 22nd August, 1785.”

¹ *Madison Papers*, vol. ii., p. 51, Department of State.

² *Washington Record Books*, vol. v., p. 175, Department of State.

The next important step in the progress of the colonists towards a coinage system was the "Report of The Grand Committee" on the money unit, made in May, 1785. This committee reviewed the reports of Morris and Jefferson and considered the following subjects:

" 1st. The value of Silver compared with Gold.

" 2nd. The weight or size of the several pieces of money that are to be made.

" 3rd. The Money Arithmetic or the mode in which it is to be counted.

" 4th. The charges of coinage."

On the first proposition the report noted the difference in ratio at which gold and silver were coined in foreign countries. In France it was 15 to 1, in Spain 16 to 1, and in England $15\frac{1}{2}$ to 1, and further stated that in this country the ratio of coinage should be as 15 of silver to 1 of gold.

On the second proposition the committee reviewed the reports of Morris and Jefferson, and favored the dollar as the unit.

On the third proposition the committee reported: "The Money Arithmetic, though an important question, is one that can admit of little dispute. All accomptants must prefer decimals."

The last proposition the committee considered at length without making any definite report thereon, except to say on the subject of depreciated coins: "It is a very moderate computation which states our loss on the last twelve months at 30 thousand dollars by the commerce of vile coin. The whole expense of a mint would not have amounted to half of that sum, and the whole expense of domestic coinage would remain in the country."

The committee recommended the following denominations of money:

One gold piece.....	\$5.00
“ silver piece.....	1.00
“ “ “ .....	.50
“ “ “ .....	.25
“ “ “ .....	.10
“ “ “ .....	.05
“ copper piece.....	.01
“ “ “ .....	.005 ¹

Concerning the amount of silver which should constitute the dollar the committee said: "It will hardly be thought that 362 grains of pure silver is too little for the federal coin, which is to be current in all payments for one dollar."

On the 6th of July, 1785, Congress considered the

¹ Manuscript Reports of the Committee on Finance, Continental Congress, vol. xxvi., pp. 537-560.

foregoing report and unanimously passed resolutions declaring that the money unit of the United States should be one dollar, that the smallest coin should be of copper and two hundred of them should make a dollar, and that the pieces should increase in the decimal ratio.

Morris having resigned as Superintendent of Finance, Congress established the Board of Treasury to manage the monetary affairs of the country. Samuel Osgood and Walter Livingston were appointed on this board. On the 8th of April, 1786, they made three elaborate reports to the president of Congress, each of which covers many pages of the manuscript volume in the Department of Rolls.¹ Each report suggested a different weight for the silver and gold dollars, and consequently different ratios, as shown by the following table:

SILVER DOLLAR.		GOLD DOLLAR.	RATIO.
GRAINS FINE.		GRAINS FINE.	
First Report.....	375.64	24.6268	1:15.256
Second "	350.09	23.79	1:14.749
Third "	521.73	34.782	1:15

¹ These reports (omitting the tables) with the observations of the committee on the principles embodied in the first report, together with the letter of the committee to the President of Congress transmitting the reports, are published herein as Appendices A, B, C, D, and E.

Each report also recommended the establishment of a mint and favored the dollar as the unit; also the coining of two gold pieces, one of the value of ten, the other of five dollars. They also favored the decimal system, and, for the proportion for coinage eleven parts fine to one of alloy, for gold and silver.

On the 8th of the following August, Congress adopted the recommendation of the Board that the standard for gold and silver should be eleven parts fine to one of alloy, and also adopted that report which proposed that the silver dollar should contain $375\frac{64}{100}$ grains of fine silver; that the money of account should proceed in a decimal ratio in the order of mills, cents, dimes, and dollars; that between the dollar and the lowest copper coin there should be three silver coins and one copper coin; that the silver coins should consist of a half-dollar which should contain $187\frac{82}{100}$ grains of fine silver, a double dime which should contain $75\frac{128}{1000}$ grains of fine silver, and a dime which should contain $37\frac{564}{1000}$ grains of fine silver; the copper coins should consist of the cent, which should equal the 100th part of a dollar; and the half cent which should equal the 200th part of a dollar. The resolution also provided that there should be two gold coins, one of which

should be called an eagle and contain $246\frac{268}{1000}$ grains of fine gold and be equal to ten dollars, the other to be called a half-eagle and contain $123\frac{134}{1000}$ grains of fine gold, and be equal to five dollars; the resolution directed the Board of Treasury to report the draft of an ordinance for the establishment of a mint.¹

In pursuance of this resolution the Board formulated a plan for a mint and requested the President to submit the same to Congress. The next session of that body met on the 16th of October, 1786, and on that day the President submitted to it the plan of the ordinance, as he had been requested to do by the Board, and Congress passed it. The following is its title and the first section of its provision:

“AN ORDINANCE for the establishment of a Mint of the United States of America, and for regulating the value and alloy of coin.

“It is hereby ordained by the United States in Congress assembled, that a Mint be established for the coinage of gold, silver, and copper Money, agreeably to the resolves of Congress of the 8th August last.”²

¹ *Journal of Congress*, vol. xxxviii., No. I.

² *Ibid.*

By its reference to the resolution of the preceding August, the ordinance adopted the silver dollar of $375\frac{64}{100}$ grains of fine silver as the money unit of the United States. One of its provisions required the "government to receive copper coin in payment of all taxes, or demands due the government to the extent of five dollars on each one hundred dollars due, but no other copper coin could be received by the government for any debt or payment due it"; and it also provided that "after September 1, 1787, no foreign copper coins should circulate in the United States, and no copper coins issued by any State should pass at a greater value than one federal dollar for every two and one-fourth pounds of such copper, *avoirdupois* weight."

Almost a year passed after the adoption of the ordinance before Congress made any progress towards the actual preparation for coinage. The most decisive advance in that direction was on the 6th of July, 1787, when a resolution was passed: "That the Board of Treasury direct the contractor for copper coinage to stamp on one side of each piece the following device, viz., thirteen circles linked together, a small circle in the middle, with the words 'United States' round it; and in the

centre the words ' We are one ' ; on the other side of the same piece the following device, viz., a dial with the hours expressed on the face of it ; a meridian sun above, on one side of which is to be the word ' Fugio,' and on the other the year in figures, 1787 ; below the dial, ' Mind your Business.' ''¹ But beyond the passage of the ordinance and resolution nothing was done.

A few years before when the question of coining copper was being agitated, Franklin expressed his views concerning the legends which should be stamped upon the coins in the following characteristic letter :

" PASSY, 2nd October, 1779.²

" DEAR SIR:— . . . There has been an intention to strike copper coin, that may not only be useful as small change, but serve other purposes.

" Instead of repeating continually upon every halfpenny the dull story that everybody knows, (and what it would have been no loss to mankind if nobody had ever known,) that George the Third is King of Great Britain, France and Ireland &c. &c.,

¹ The copper piece referred to was known as the Franklin Penny. McMaster's *History of the People of the United States*, vol. i., 403 n.

² Sparks's *Franklin*, vol. viii., p. 383.

to put on one side, some important proverb of Solomon, some pious moral, prudential or economical precept, the frequent inculcation of which, by seeing it every time one receives a piece of money, might make an impression upon the mind, especially of young persons, and tend to regulate the conduct; such as, on some, The fear of the Lord is the beginning of wisdom; on others, Honesty is the best policy; on others, He that by the plough would thrive, himself must either hold or drive; on others, Keep thy shop, and thy shop will keep thee; on others, A penny saved is a penny got; on others, He that buys what he has no need of, will soon be forced to sell his necessities; and so on, to a great variety. . . .

“ B. FRANKLIN.”

The period from the submission of Morris's report recommending a mint to the passage of the ordinance for its establishment may properly be called the formative period of our coinage system, for during this time public sentiment rapidly crystallized in favor of a mint, while repeated efforts were made to simplify the coins in circulation and establish the money of the country on a firm basis.

The provisions of the ordinance would doubtless

have been carried out had it not been that other questions of absorbing interest were occupying the attention of Congress and the country. The weakness of the Government under the Articles of Confederation was demonstrating day by day the necessity for a greater centralization of power and stronger ties of union between the States, while the adoption of a constitution, which it was believed would secure these desires, was the absorbing theme among the leading men of the nation, many of whom believed, and none more than Washington, that the infant republic was reaching a crisis in its history.

The convention for the purpose of framing a federal constitution met in Philadelphia on the 14th day of May, 1787, and adjourned on the 17th of September of the same year. It had been in session three months when the Confederate Congress passed the ordinance referred to, but it is not surprising that legislation providing for so important a subject as the establishment of the mint should have been delayed under such circumstances.

On the day the convention adjourned it adopted the Constitution and by resolution referred it to Congress, and that body on the 28th of the same

month resolved that the Constitution should be transmitted to the several State legislatures, and that they should submit it to their respective State conventions.

In pursuance of this resolution each State elected delegates to a convention held for the purpose of considering the ratification or rejection of the Constitution, which required that nine States should ratify it before it could be finally adopted. The opposition to the Constitution was fierce, bitter, and powerful, and its ratification was not secured until June 21, 1788, after which date Congress again met, and on the 13th of September of that year resolved that the first Wednesday in January, 1789, be the day for the election of electors in those States which by that time had ratified the Constitution, that the first Wednesday in February be the day for the electors to meet in their respective States and vote for President and Vice-President, and that the first Wednesday in March be the time for commencing the proceedings under the Constitution.¹

In pursuance of this resolution the respective States elected their electors, who met on the day

¹ Hickey, *Constitution of United States*, p. 259.

designated and elected Washington President and Adams Vice-President. The first session of Congress under the Constitution began on the 4th of March, 1789.

NOTE.—The Grand Committee to which reference is made on page 19 seems to have been a permanent committee to which financial matters were referred for consideration. As early as 1783 or 1784 Jefferson was chairman of it. When the matter of selecting a money unit came before Congress it was referred to this committee, which investigated the subject and reported thereon as shown in the text.





CHAPTER III

HAMILTON'S REPORT TO CONGRESS CONCERNING A MINT

Establishment of the New Government—Washington Appoints his Cabinet—Congress Passes Appropriate Legislation—Strength of the Constitution—Washington Urges Congress to Establish a Mint—Congress Orders Hamilton to Report Plans for the Same—Hamilton's Report Thereon—Analysis of its Recommendations—Hamilton Favors Double Standard—Submits his Report to Jefferson—Letter from Jefferson Concerning it—Agrees with Hamilton that there should be a Double Standard—Jefferson's Change of Opinion on the Subject—Letter from Hamilton—Resolution of Congress Establishing a Mint—No Action on the Part of Congress—Washington again Mentions the Subject in his Inaugural Address—Morris Reports a Bill in the Senate Favoring a Mint.

WASHINGTON was inaugurated President on the 3d of April following the opening of Congress. A new government had been established. The long struggle for independence was over and despair had been followed by success. From the loins of a kingdom there had sprung a republic

which was destined to become the most powerful political factor of the world.

Washington put the machinery of the government into operation by the appointment of his Cabinet, while Congress passed such laws as the situation demanded from the legislative branch of the government. Where the Articles of Confederation had been weak, the Constitution was strong. Washington's Inaugural Address inspired hope and confidence, and commended him to all the citizens of the republic. The opposition to the adoption of the Constitution had been overcome, all but two of the States—North Carolina and Rhode Island—having ratified it. Many who had opposed it were now willing to recognize its supremacy and assist in its enforcement. The excitement incident to the experience of the preceding year passed away and the nation again turned its attention, among other things, to the subject of currency, the erection of a mint, and the establishment of a coinage system.

During the administrations of Washington and Adams it was the custom for the President to deliver an annual address to the Senate, then to the House of Representatives, and then to the Senate and House of Representatives together. When

Mr. Jefferson became President he did not follow this custom but adopted the plan of sending a written message to Congress at each annual session of that body, and this plan has since been followed by the Presidents.

There is abundant proof that Washington greatly desired Congress to take early action in favor of a mint. In his first and second Annual Address to the Senate and House of Representatives, he called attention to the situation and recommended that Congress act thereon.

Following the suggestions of Washington, the House of Representatives, on the 15th of the following April, "Ordered, That the Secretary of the Treasury prepare, and report to this House, a proper plan or plans for the establishment of a national Mint." ¹

Pursuant to this order, Alexander Hamilton, whom Washington had placed at the head of the Treasury Department, began an investigation which covered the whole ground that had been gone over to that time concerning the relative value of gold and silver and the establishment of a mint. He made the relation which gold and silver should sustain to

¹ *Annals of Congress*, vol. ii., p. 1530.

each other, the ratio at which they should be coined, and the character of the money unit, the principal objects of his research, but he gave careful consideration to every branch of the subject, and on January 21, 1791, submitted his recommendations to Congress.

It is difficult to pay to this report that tribute which it deserves. It was so exhaustive in its analysis, so profound in its reasoning, so comprehensive and logical in every position taken, that to this day it is regarded as an authority on money and coinage.

He treated the subject under the following heads:

1st. What ought to be the nature of the money unit of the United States ?

2d. What the proportion between gold and silver, if coins of both metals are to be established ?

3d. What the proportion and composition of alloy in each kind ?

4th. Whether the expense of coinage shall be defrayed by the government, or out of the material itself ?

5th. What shall be the number, denominations, sizes, and devices of the coins ?

6th. Whether foreign coins shall be permitted

to be current or not; if the former, at what rate, and for what period?

Hamilton began the discussion of these propositions by stating: "A prerequisite to determining with propriety, what ought to be the money unit of the United States, is to endeavor to form as accurate an idea as the nature of the case will admit, of what it actually is. The pound, though of various value, is the unit in the money account of all the States. But it is not equally easy to pronounce what is to be considered as the unit in the coins."

He then discusses the subject at length, giving the fluctuations in the value of the dollar at various times in various countries and in various ages of the world.

In speaking of the old dollar he says: "That species of coin has never had any settled or standard value, according to weight or fineness, but has been permitted to circulate by tale, without regard to either, very much as a mere money of convenience, while gold has had a fixed price by weight, and with an eye to its fineness. This greater stability of value of the gold coins is an argument of force for regarding the money unit as having been hitherto virtually attached to gold, rather than to silver."

He favored what he called the " present dollar " in preference to the ancient one, and concludes his discussion of this branch of the subject by saying: " A recurrence, therefore, to the ancient dollar, would be in the greatest number of cases an innovation *in fact*, and, in all, an innovation, in respect to opinion. The actual dollar in common circulation has evidently a much better claim to be regarded as the actual money unit.

" The mean intrinsic value of the different kinds of known dollars has been intimated as affording the proper criterion. But, when it is recollected that the more ancient and more valuable ones are not now to be met with at all in circulation, and that the mass of those generally current is composed of the newest and most inferior kinds, it will be perceived that even an equation of that nature would be a considerable innovation upon the real present state of things; which it will certainly be prudent to approach, as far as may be consistent, with the permanent order designed to be introduced.

" An additional reason for considering the prevailing dollar as a standard of the present money unit, rather than the ancient one, is, that it will not only be conformable to the true existing proportion

between the two metals in this country, but will be more conformable to that which obtains in the commercial world generally.”

In another portion of his report Hamilton discusses this question and says: “ The conclusion to be drawn from the observations which have been made on the subject, is this: That the unit, in the coins of the United States, ought to correspond with 24 grains and $\frac{3}{4}$ of a grain of pure gold, and with 371 grains and $\frac{1}{4}$ of a grain of pure silver, each answering to a dollar in the money of account. The former is exactly agreeable to the present value of gold, and the latter is within a small fraction of the mean of the two last emissions of dollars—the only ones which are now found in common circulation, and of which the newest is in the greatest abundance. The alloy in each case to be one-twelfth of the total weight, which will make the unit 27 grains of standard gold, and 405 grains of standard silver.

“ Each of these, it has been remarked, will answer to a dollar in the money of account. It is conceived that nothing better can be done in relation to this, than to pursue the track marked out by the resolution of the 8th of August, 1786. This has been approved abroad, as well as at home, and

it is certain that nothing can be more simple or convenient, than the decimal subdivisions. There is every reason to expect that the method will speedily grow into general use, when it shall be seconded by corresponding coins. On this plan, the unit in the money of account will continue to be, as established by that resolution, a dollar; and its multiples, dimes, cents, and mills, or tenths, hundredths, and thousandths."

In considering what ratio should be established between the gold and silver coins if both were to be used, he said, among other things: "To determine this, the quantity of fine silver in the general mass of the dollars now in circulation must afford the rule. Taking the rate of the late dollar of 374 grains, the proportion would be as 1 to 15.11; taking the rate of the newest dollar, the proportion would then be as 1 to 14.87. The mean of the two would give the proportion of 1 to 15, very nearly; less than the legal proportion in the coins of Great Britain, which is as 1 to 15.2, but somewhat more than the actual or market proportion, which is not quite 1 to 15.

"The preceding view of the subject does not indeed afford a precise or certain definition of the

present unit in the coins, but it furnishes data which will serve as guides in the progress of the investigation. It ascertains, at least, that the sum in the money of account of each State, corresponding with the nominal value of the dollar in such State, corresponds also with 24 grains and $\frac{2}{3}$ of a grain of fine gold; and with something between 368 and 374 grains of fine silver."

Hamilton then proceeds with a discussion of the general subject and says: "The next inquiry towards a right determination of what ought to be the future money unit of the United States, turns upon these questions: Whether it ought to be peculiarly attached to either of the metals, in preference to the other or not? and, if to either, to which of them?"

"The suggestions and proceedings hitherto have had for their object the annexing of it emphatically to the silver dollar. A resolution of Congress of the 6th of July, 1785, declares that the money unit of the United States shall be a dollar; and another resolution of the 8th of August, 1786, fixes that dollar at 375 grains and 64 hundredths of a grain of fine silver. The same resolution, however, determines that there shall also be two gold coins; one

of 246 grains and 268 parts of a grain of pure gold, equal to ten dollars; and the other, of half that quantity of pure gold, equal to five dollars. And it is not explained whether either of the two species of coins, of gold or silver, shall have any greater legality in payments than the other. Yet it would seem that a preference in this particular is necessary to execute the idea of attaching the unit exclusively to one kind. If each of them be as valid as the other, in payments to any amount, it is not obvious in what effectual sense either of them can be deemed the money unit, rather than the other.

“ If the general declaration, that the dollar shall be the money unit of the United States, could be understood to give it a superior legality in payments, the institution of coins of gold, and the declaration that each of them shall be *equal* to a certain number of dollars, would appear to destroy that inference. And the circumstance of making the dollar the unit in the money of account, seems to be rather matter of form than of substance.

“ Contrary to the ideas which have heretofore prevailed, in the suggestions concerning a coinage for the United States, though not without much hesitation, arising from a deference for those ideas,

the Secretary is, upon the whole, strongly inclined to the opinion that a preference ought to be given to neither of the metals for the money unit. Perhaps, if either were to be preferred, it ought to be gold rather than silver.

“ The reasons are these :

“ The inducement to such a preference is, to render the unit as little variable as possible ; because on this depends the steady value of all contracts, and, in a certain sense, of all other property. And it is truly observed, that if the unit belong indiscriminately to both the metals, it is subject to all the fluctuations that happen in the relative value which they bear to each other. But the same reason would lead to annexing it to that particular one, which is itself the least liable to variation ; if there be, in this respect, any discernible difference between the two.

“ Gold may, perhaps, in certain senses, be said to have greater stability than silver ; as, being of superior value, less liberties have been taken with it, in the regulations of different countries. Its standard has remained more uniform, and it has, in other respects, undergone fewer changes ; as, being not so much an article of merchandise, owing to the

use made of silver in the trade with the East Indies and China, it is less liable to be influenced by circumstances of commercial demand. And if, reasoning by analogy, it could be affirmed, that there is a physical probability of greater proportional increase in the quantity of silver than in that of gold, it would afford an additional reason for calculating on greater steadiness in the value of the latter.

“ As long as gold, either from its intrinsic superiority as a metal, from its greater rarity, or from the prejudices of mankind, retains so considerable a pre-eminence in value over silver, as it has hitherto had, a natural consequence of this seems to be that its condition will be more stationary. The revolutions, therefore, which may take place in the comparative value of gold and silver, will be changes in the state of the latter, rather than that of the former. . . .

“ But, upon the whole, it seems to be most advisable, as has been observed, not to attach the unit exclusively to either of the metals; because this cannot be done effectually, without destroying the office and character of one of them as money, and reducing it to the situation of a mere merchandise; which, accordingly, at different times, has been

proposed from different and very respectable quarters; but which would probably be a greater evil than occasional variations in the unit, from the fluctuations in the relative value of the metals; especially if care be taken to regulate the proportion between them, with an eye to their average commercial value.

“ To annul the use of either of the metals, as money, is to abridge the quantity of circulating medium; and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty circulation.”

Hamilton recommended the use of both gold and silver as standard money, being largely controlled in his opinion by circumstances peculiar to that early day. Proceeding in his discussion upon the theory “ that the unit ought not to be attached exclusively to either of the metals,” he says: “ The proportion which ought to subsist between them, in the coins, becomes a preliminary inquiry, in order to its proper adjustment.

“ One consequence of overvaluing either metal, in respect to the other, is the banishment of that which is undervalued. If two countries are supposed, in one of which the proportion of gold to

silver is as 1 to 16, in the other as 1 to 15, gold being worth more, silver less, in one than in the other, it is manifest that, in their reciprocal payments, each will select that species which it values least, to pay to the other where it is valued most. Besides this, the dealers in money will, from the same cause, often find a profitable traffic in an exchange of the metals between the two countries. And hence it would come to pass, if other things were equal, that the greatest part of the gold would be collected in one, and the greatest part of the silver in the other. . . .

“ In Spain and England, where gold is rated higher than in other parts of Europe, there is a scarcity of silver; while it is found to abound in France and Holland, where it is rated higher in proportion to gold than in the neighboring nations. And it is continually flowing from Europe to China and the East Indies, owing to the comparative cheapness of it in the former, and dearness of it in the latter.

“ This consequence is deemed by some not very material; and there are even persons who, from a fanciful predilection to gold, are willing to invite it, even by a higher price. But general utility will

best be promoted by a due proportion of both metals. If gold be most convenient in large payments, silver is best adapted to the more minute and ordinary circulation.

“ But it is to be suspected that there is another consequence, more serious than the one which has been mentioned. This is the diminution of the total quantity of specie which a country would naturally possess.

“ It is evident that as often as a country, which overrates either of the metals, receives a payment in that metal, it gets a less actual quantity than it ought to do, or than it would do if the rate were a just one.

“ It is also equally evident, that there will be a continual effort to make payment to it in that species to which it has annexed an exaggerated estimation, wherever it is current at a less proportional value. And it would seem to be a very natural effect of these two causes, not only that the mass of the precious metals in the country in question would consist chiefly of that kind to which it had given an extraordinary *value*, but that it would be absolutely less than if they had been duly proportioned to each other. . . .

“ A third ill consequence resulting from it is, a greater and more frequent disturbance of the state of the money unit, by a greater and more frequent diversity between the legal and market proportions of the metals. This has not hitherto been experienced in the United States, but it has been experienced elsewhere; and from its not having been felt by us hitherto, it does not follow that this will not be the case hereafter, when our commerce shall have attained a maturity, which will place it under the influence of more fixed principles.

“ In establishing a proportion between the metals, there seems to be an option of one of two things—

“ To approach, as nearly as it can be ascertained, the mean or average proportion, in what may be called the commercial world; or,

“ To retain that which now exists in the United States.”

The report then goes into a historical discussion of the ratio which has existed between the two metals, and says:

“ It has been seen that the existing proportion between the two metals in this country is about as 1 to 15. . . .

“ This proportion of 1 to 15 is recommended by

the particular situation of our trade, as being very nearly that which obtains in the market of Great Britain; to which nation our specie is principally exported. . . .

“ There can hardly be a better rule in any country, for the legal, than the market proportion, if this can be supposed to have been produced by the free and steady course of commercial principles. The presumption in such case is, that each metal finds its true level, according to its intrinsic utility, in the general system of money operations. . . .

“ The only question seems to be, whether the value of gold ought not to be a little lowered, to bring it to a more exact level with the two markets which have been mentioned; but, as the ratio of 1 to 15 is so nearly conformable to the state of those markets, and best agrees with that of our own, it will probably be found the most eligible.”

Discussing what the proportion of alloy in each metal should be, Hamilton adopted the rule contained in the resolution of the 8th of August, 1786, which was one part alloy to eleven parts fine, unless there should be some consideration which might dictate a departure from it.

To the question whether the expense of coinage

should be defrayed by the Government, or out of the metal itself, Hamilton devoted considerable space, but the act which Congress passed provided for the free coinage of both gold and silver, and makes an examination of this part of the report unnecessary.

Referring to the number of different pieces which should compose the coinage of the United States the report laid down two rules,—convenience of circulation, and cheapness of the coinage,—and suggested the following:

“ One gold piece, equal in weight and value to ten units or dollars.

“ One gold piece, equal to a tenth part of the former, and which shall be a unit or dollar.

“ One silver piece, which shall also be a unit or dollar.

“ One silver piece, which shall be, in weight and value, a tenth part of the silver unit or dollar.

“ One copper piece, which shall be of the value of a hundredth part of a dollar.

“ One other copper piece, which shall be half the value of the former.”

In explanation of why he suggested the coinage of a gold dollar, Hamilton said: “ It is not proposed

that the lightest of the two gold coins should be numerous, as, in large payments, the larger the pieces the shorter the process of counting, the less risk of mistake, and, consequently, the greater the safety and the convenience; and, in small payments, it is not perceived that any inconvenience can accrue from an entire dependence on the silver and copper coins. The chief inducement to the establishment of the small gold piece, is to have a sensible object in that metal, as well as in silver, to express the unit."

The report contains a discussion of the size of the different coins recommended to be struck and some general suggestions in regard to the devices which should be placed on them.

Concerning the circulation of foreign coins in the United States the report suggests that they be suffered to circulate, precisely upon their (then) present footing, for one year after the mint shall have commenced its operations. The privilege may then be continued for another year to the gold coins of Portugal, England, and France, and to the silver coins of Spain. And these may still be permitted to be current for one year more, at the rates allowed to be given for them at the mint; after the expiration

of which, the circulation of all foreign coins to cease.

Before submitting his report to Congress Hamilton sent it to Jefferson for examination and received from him the following letter concerning it, from which it is apparent that Jefferson agreed with Hamilton in recommending that the unit be attached to both metals.

“February, 1792.

“DEAR SIR:—I return you the report on the mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals, that the alloy should be the same in both, also in the proportion you establish between the value of the two metals. . . .

“TH. JEFFERSON.”¹

This letter indicates that Jefferson had changed his mind as to what should constitute the money unit since he submitted his observations to Congress ten years before. At that time he favored a single unit which should be the silver dollar. Hamilton in his report favored both a gold and a silver piece, each of which should be a unit, or dollar, and recom-

¹ *Jefferson's Works*, vol. iii., p. 330. (See Appendix G for letter in full.)

mended that in our coinage system these pieces should constitute the units. In this view Jefferson concurred, as shown by his letter; but what he said in his letter is directly contrary to what he had said in his suggestions to Congress. The only conclusion which reason suggests is that Jefferson had changed his mind on the subject and had concluded that to make the silver dollar the only unit would be a mistake; otherwise his letter to Hamilton cannot be accepted as a sincere expression of his opinion on the subject.

It is probable that it was the investigation of the subject of coinage which Hamilton made in preparing his report which led him to indite the following letter to the Secretary of State, and which is probably the origin of our splendid and extensive system of consular reports.

“TREASURY DEPARTMENT, June 8, 1791.

“SIR:—It has occurred to me that it would be productive of very useful information if some officer of the United States in each foreign country, where there is one, were instructed to transmit occasionally, a state of the coins of the country, specifying their respective standards, weights, and values, and

periodically, the state of the market prices of gold and silver in coin and bullion, and of the rates of foreign exchange, and of the rates of the different kinds of labor, as well that employed in manufactures as in tillage.

“ I would beg leave to request that if there appears to you no inconvenience in the thing that an instruction may be sent for the above purpose and that copies of the statements which shall from time to time be received in consequence of it may be furnished to the Treasury.

“ I have the honor to be,

“ With great respect, Sir,

“ Your obedient servant,

“ ALEXANDER HAMILTON.¹

“ The Secretary of State.”

Upon receiving Hamilton's report the Senate and House of Representatives gave it due consideration, and on the 3d of March, 1791, Congress passed a resolution that a mint should be established under such regulations as should be directed by law, and authorized the President to engage artists and procure apparatus to carry the resolution into effect.

¹ *Writings to Madison*, vol. xviii., p. 38, Department of State.

Notwithstanding this resolution no distinct action on the subject was taken for some time, when Washington, in his third Annual Address to Congress on the 25th of October, 1791, again referred to the subject in the following direct language :

“ The disorders in the existing currency, and especially the scarcity of small change, a scarcity so peculiarly distressing to the poorer classes, strongly recommend the carrying into immediate effect the resolution already entered into concerning the establishment of a mint.”

The President having again called the attention of Congress to the subject in this pointed way, on the 2d of March, 1792, Hamilton's friend, Robert Morris, who ten years before, as Superintendent of Finance, was the first to recommend to the Confederate Congress the advisability of establishing a mint, and to whom Washington offered the Secretaryship of the Treasury, which he declined and suggested the appointment of Hamilton, and who was now a member of the Senate from the State of Pennsylvania—reported a bill favoring the establishment of a mint and regulating the coins of the United States.



CHAPTER IV

ACT OF 1792

Power to Coin Money under the Constitution—Congress Passes the Bill Introduced by Morris—Analysis of its Provisions—Definition of Terms—Passage of the Bill not Unanimous—Madison's Letter to Lee—Randolph's Opposition to Mint—Adams Writes to Marshall—Appointment of Rittenhouse as Director of the Mint—Letter from Jefferson—Letter from Washington—Letter from Rittenhouse Accepting Appointment—Erection of Mint—First Coinage—Letters from Jefferson and Rittenhouse—Purchases of Metal—Letter from Washington Concerning Foreign Coins—Jefferson's Reply—Letter from Hamilton to Washington Asking that the Mint be Transferred to the Treasury Department—Washington Grants his Request—Why Hamilton Established the Ratio at 15 to 1—Why the Double Standard Failed—Withdrawal of Gold Coins from Circulation—Reasons for Withdrawal of Silver Coins—Suspension of the Coinage of the Silver Dollar and the Eagle—Patterson's Letter to Jefferson—Resolution of Senate Concerning Exportation of Domestic Coins—Act of 1793—The Spanish Milled Dollar.

AMONG the enumerated powers conferred upon Congress by the Constitution is that "to coin money, regulate the value thereof, and of foreign coins."

Under this authority Congress, on April 2, 1792, passed the bill which Morris introduced in the Senate in the preceding March. At last Morris, Jefferson, Washington, Hamilton, and all who had waited for the hour when Congress would pass such a bill, and had exerted their influence to have it done, saw their desires realized. It was the culmination of a long and protracted effort which had occupied the attention and received the support of the most able and earnest men of the republic, and it must have been a glad hour to them when the bill became the law.

It was a general act for the establishment and government of the mint. It named the officers, specified their number and duties, and fixed their compensation. It authorized any one to bring gold or silver bullion to the mint, and have it assayed and coined free of expense, and this is the origin of the term "free coinage," which means to coin bullion without expense to the owner. The gold and silver pieces coined under this act were legal tender for all debts. The standard for the gold coins was fixed at eleven parts fine (pure) to one of alloy, which consisted of silver and copper. The proportion of silver in the alloy was not fixed by the act,

except that it could not be more than one half, but it might be less, subject to the judgment of the Director of the Mint.

The standard of the silver coins was fixed at 1485 parts fine (pure) to 179 parts of alloy, which in the silver coins was copper.

Still another provision was, "that the money of account of the United States should be expressed in dollars or units, dismes or tenths, cents or hundredths, and milles or thousandths, a disme being a tenth part of a dollar, a cent the hundredth part of a dollar, a mille the thousandth part of a dollar."

The ninth section of the act described the denominations, value, and weight of the coins which should be struck as follows:

"There shall be from time to time struck and coined at the said Mint, coins of gold, silver, and copper, of the following denominations, values, and descriptions, viz. Eagles—each to be of the valuation of ten dollars or units, and to contain two hundred and forty-seven grains and four-eighths of a grain of pure, or two hundred and seventy grains of standard gold. Half-eagles—each to be of the value of five dollars, and to contain one hundred and twenty-three grains and six-eighths of a grain

of pure, or one hundred and thirty-five grains of standard gold. Quarter-eagles—each to be of the value of two dollars and a half dollar, and to contain sixty-one grains and seven-eighths of a grain of pure, or sixty-seven grains and four-eighths of a grain of standard gold.

“ Dollars or units—each to be of the value of a Spanish milled dollar as the same is now current, and to contain three hundred and seventy-one grains and four-sixteenth parts of a grain of pure, or four hundred and sixteen grains of standard silver. Half-dollars—each to be of half the value of the dollar or unit, and to contain one hundred and eighty-five grains, and ten-sixteenth parts of a grain of pure, or two hundred and eight grains of standard silver. Quarter-dollars—each to be of one-fourth the value of the dollar or unit, and to contain ninety-two grains and thirteen-sixteenth parts of a grain of pure, or one hundred and four grains of standard silver. Dimes—each to be of the value of one-tenth of a dollar or unit, and to contain thirty-seven grains and two-sixteenth parts of a grain of pure, or forty-one grains and three-fifth parts of a grain of standard silver. Half-dimes—each to be of the value of one-twentieth of a dollar, and to contain eighteen grains

and nine-sixteenth parts of a grain of pure, or twenty grains and four-fifth parts of a grain of standard silver. Cents—each to be of the value of the one-hundredth part of a dollar, and to contain eleven pennyweights of copper. Half-cents—each to be of the value of half a cent, and to contain five pennyweights and a half a pennyweight of copper.”

A very important section of the act was the one which established the ratio at which the metals should be coined. It read:

“ The proportional value of gold to silver in all coins which shall by law be current as money within the United States shall be as fifteen to one, according to quantity in weight, of pure gold or pure silver; that is to say, every fifteen pounds weight of pure silver shall be of equal value in all payments with one pound weight of pure gold, and so in proportion as to any greater or less quantity of the respective metals.”

For any officer or employee of the mint to aid in debasing or reducing the weight or value of any of the coins, for the purpose of gain, or to attempt to embezzle any of the metals in their charge for the purpose of coinage, or to embezzle any of the coins, coined at the mint, was a felony under the law, pun-

ishable with death. The act defined the denominations in which the "money of account" should be kept, and provided that all "accounts in the public offices and all proceedings in the courts of the United States should be kept in conformity thereto." One author in commenting on this provision says: "This is believed to be the first time that a money of account was ever established by law—moneys of account having in all nations grown up in the minds of the people."¹

The denominations, value, and weight of the gold and silver coins authorized by this act are shown in the following table.

ACT OF 1792

GOLD COINS

DENOMINATION.	VALUE.	WEIGHT.	
Eagle.....	\$10.00	247 $\frac{1}{8}$ gr. pure..	270 gr. standard
Half-eagle.....	5.00	123 $\frac{5}{8}$ "	.. 135 "
Quarter-eagle.....	2.50	61 $\frac{7}{8}$ "	.. 67 $\frac{1}{2}$ "

SILVER COINS

Dollar.....	\$1.00	371 $\frac{1}{8}$ gr. pure..	416 gr. standard
Half-dollar.....	.50	185 $\frac{1}{2}$ "	.. 208 "
Quarter-dollar.....	.25	92 $\frac{1}{2}$ "	.. 104 "
Dime.....	.10	37 $\frac{1}{8}$ "	.. 41 $\frac{1}{2}$ "
Half-dime.....	.05	18 $\frac{1}{8}$ "	.. 20 $\frac{1}{2}$ "

The word "pure," meant gold or silver unmixed with any other substance. The word "standard,"

¹ Berkey, *The Money Question*, p. 336.

meant gold or silver when mixed with alloy. "Alloy" was a substance mixed with gold or silver to harden the coins. Legal tender is anything which the law compels the creditor to accept in satisfaction of his debt.

The passage of the bill met with great opposition, and it received a majority of only four votes in the House.¹ Many were opposed to it,—some because of the expense it would involve, and others for general reasons. Some members favored the plan of letting the coining on contract and to that end a bill was introduced and parties prepared to bid on the cost of doing the coining. The following letter written by Madison, who was a member of the House of Representatives when the act establishing the mint was passed, to Henry Lee, Governor of Virginia, indicates the feeling which existed towards the bill:

" PHILADELPHIA, March 28, 1792.

" MY DEAR SIR:—The mint bill sent from the Senate passed the House of Rp. yesterday—It was disliked and voted against by some as it stands, because it does not establish any systematic proportion

¹ Hamilton's *Life of Hamilton*, vol. iv., p. 276.

of alloy, conforming to the arbitrary one of the last and basest edition of the Spanish dollar, but by most, on account of the expense which is estimated at about thirty thousand annually, and the additional weight of influence it throws into the preponderating scale. In the course of the bill a small circumstance happened worthy of notice, as an index of political biasses—The Senate had proposed in the Bill that on one side of the coin should be stamped the head of the Prest. for the time being—This was attacked in the House of Rps as a feature of monarchy, and an amendment agreed to establishing an emblematic figure of Liberty—On the return of the Bill to the Senate the amendment was instantly disagreed to, and the Bill sent back to the H of Rps—The question was viewed on acct. of the rapidity & decision of the Senate as more serious than at first. It was agitated with some fervor and the first vote of the House confirmed by a large majority—The Senate perceiving the temper and afraid of losing the Bill, as well as unwilling to appeal in such controversy to the public criticism, departed from their habitual perseverance and acceded to the alteration proposed. . . . “JAMES MADISON.”¹

¹ MSS. *Writings of Madison*, vol. v., p. 4, Department of State.

Opposition to the mint manifested itself from time to time for a number of years, and as late as 1802 a bill was introduced by John Randolph for its discontinuance, but it failed to pass. No objection, however, was made to the mint on account of the quality of its work. Two years before Randolph's effort to have it abandoned, John Adams expressed his admiration of the beauty and perfection of our coins in a letter to John Marshall, then Secretary of State, in which he said: "I know of no coins of gold better executed than our eagles, nor of silver than our dollars."

Washington appointed as the first Director of the Mint, David Rittenhouse, of Pennsylvania, an eminent scientist and philosopher, who, in a letter to Mr. Jefferson, suggested the purchase of a house and ground for a mint building, rather than to lease one, and this letter was submitted by Mr. Jefferson to the President in the following communication:¹

"Th. Jefferson, with his respects to the President, incloses him a letter from mr. Rittenhouse on the subject of procuring a house for the mint. Mr. Rittenhouse thinks the house in 7th Street can be bought for £1600. It is probable that none can be

¹ MS. *Letters*, Department of State.

rented under £150 and this sum will pay the interest and sink the principal of £1600 in 15 years. The outhouses will save the necessity of new erections, and there is a horse mill, which will save the building one for the rolling mill; so that on the whole Thomas J. concurs in opinion with Mr Rittenhouse that it will be better to buy this house; and submits the same to the President. A plan for the ground and buildings is inclosed. . . .

“June 9, 1792.”

Washington replied to Jefferson as follows:

“DEAR SIR:—I am in sentiment with you and the Director of the Mint, respecting the purchase of the lots and houses which are offered for sale, in preference to renting—as the latter will certainly exceed the interest of the former.

“That all the applications may be brought to view, and considered, for Coining &c., Mr. Lear will lay the letters and engravings before you, to be shewn to the Director of the Mint:—I have no other object or wish in doing it, than to obtain the best.

“Yours &c.

“GO. WASHINGTON.”¹

Mr. Lear was the private secretary of Washington.

¹ Barton's *Memoirs of Rittenhouse*, 387.

The appointment of Mr. Rittenhouse as Director of the Mint was accepted in the following letter:

“ July 9th, 1792.

“ SIR:—Tho’ a long continued state of ill health has left me little relish for the usual pursuits of Interest and Ambition, I am extremely sensible of the honor you have done me by appointing me, unsolicited, Director of the Mint. Having by the advice of my friends determined to accept that office, for the present, I think it my duty to give every assistance in my power to the business, and have taken the oath of office required by law.

“ On consulting the Secretary of State I find that some of the Officers for the mint are still expected from Europe. This will occasion further delay, at least as to going generally into coining. But as small money is very much wanted we think proper, in the mean time, if your Excellency approves of it, to Coin some Copper Cents & Half Cents, and likewise small Silver, at least Dimes & Half Dimes. I have purchased on account of the United States, a House & Lot which I hope will be found convenient for the Mint, but considerable alterations must be made, and some small new buildings erected. I have likewise engaged Mr. Voight to act as Coiner,

and he has several workmen now employed in making the necessary engines, and preparing the Dies. A quantity of copper will be wanted, perhaps 15 Tons might be sufficient, and measures for procuring it ought to be immediately taken, and for these several purposes some money will be required.

“ I shall be happy in receiving your Excellency’s approbation of these preparatory steps, together with such further directions as you may think proper to give.

“ I am, with great respect, Sir,

“ Your most obedt Humble Servant,

“ DAVID RITTENHOUSE.¹

“ His Excellency the President of the United States.”

On the 31st of July, 1792, nearly four months after the Act of April 2d was passed, the Government began the erection of a building for use as a mint. It was a plain brick structure and was the first building erected by the United States for public purposes. The first money coined by the mint was in October of the same year, and consisted of silver half-dimes. These were the coins referred

¹ *Miscellaneous (MS.) Letters*, vol. ix., Department of State.

to by Washington in his Address to Congress on November 6, 1792.¹

As showing the progress made in the operation of the mint Jefferson addressed the following letter to the President in December following its erection:

“ Th. Jefferson has the honor to send the President 2 cents made on Voight’s plan, by putting a silver plug with $\frac{3}{4}$ of a cent into a copper with $\frac{1}{4}$ of a cent. Mr. Rittenhouse is about to make a few by mixing the same plug by fusion with the same quantity of copper. He will then make of copper alone of the same size, and lastly he will make the real cent, as ordered by Congress, 4 times as big. Specimens of these several ways of making the cent may now be delivered to the Committee of Congress now having that subject before them.”

“ December 18th 92.”

The mint having been prepared so that assays could be made, the Director addressed the following letter to the President:

“ Thursday, December 27, 1792.

“ SIR:—We have begun to assay some of the European coins and shall proceed tomorrow, at the

¹ Evans’s *History of the Mint*, 14.

² *Miscellaneous (MS.) Letters*, vol. x., State Department.

mint, if it will be convenient for the President to attend about 12 o'clock. Should any accident happen before that time to occasion delay, I will give you notice. I am, sir,

“ Your most obedient

“ Humble servant,

“ DAVID RITTENHOUSE.¹

“ MR. LEAR.”

The first metal purchased for coinage purposes was in 1793, and consisted of six pounds of copper. The first silver bullion received at the mint for coinage was on July 18, 1794, which was deposited by the Bank of Maryland, and consisted of coins of France, amounting to \$80,715.73½. Moses Brown, a merchant of Boston, made the first deposit of gold bullion for coinage on February 12, 1795, consisting of ingots worth \$2,276.72. This deposit was paid for in silver coins. The first gold coined at the mint was on July 31, 1795, and consisted of 744 half-eagles.²

The Act of February 9, 1793, having provided that no foreign coins which had been issued subsequent to the 1st of January, 1792, should be a ten-

¹ *Miscellaneous (MS.) Letters*, vol. x., Department of State.

² Evans's *History of the Mint*, 14.

der until samples thereof should have been assayed at the mint of the United States and found to be conformable to the required standards and that the President of the United States should give notice of that fact by proclamation, Washington addressed the following letter to Jefferson, Secretary of State:

“ U. S. March 20th, 1793.

“ SIR:—I have to request that it may be given in charge to the Director of the Mint, to take measures for collecting samples of foreign coins issued in the year 1792, of the species which usually circulate within the U. S., to examine by assay at the mint whether the Same are conformable to the respective standards required, and to report the result, that the same may be made known by proclamation agreeably to the act entitled ‘ An Act regulating foreign coins,’ & for other purposes.

“ G—— W—— ’

“ The Secy of State.”

To this letter the Secretary of State replied:

“ Th. Jefferson, with his respects to the President, observes in answer to the note of yesterday respecting direction to the mint for the assay of the

¹ *Miscellaneous (MS.) Letters*, vol. xi., Department of State.

new coins, that the Department being instituted to relieve the President from the details of execution, it will be sufficient that the directions go from the head of the department, the President's approbation being known, they shall accordingly be given.¹

" March 20, 1793."

That Hamilton felt deeply chagrined that the mint should have been attached to the Department of State rather than the Treasury is conclusively shown by the following communication which he directed to Washington on the day that he resigned from the Cabinet.

" TREASURY DEPARTMENT, January 31, 1795.

" *To his Excellency, the President :*

" SIR:—Previous to the leaving my present office, there are a few points which I think it my duty to bring under the consideration of the President. The first regards the present state and arrangement of the Mint. It is certain that this establishment is capable of producing very important benefits to the community. At this moment, when an unusually large and sudden exportation of silver has produced a very inconvenient scarcity of that species of

¹ *Miscellaneous (MS.) Letters*, vol. xi., Department of State.

money, the full activity of the Mint would be of primary utility. Large quantities of silver lie in the banks and other places in ingots, which, if turned into coin, would be of the greatest advantage to trade, and to all pecuniary operations, public and private. Hitherto the Mint has comparatively done nothing. This is matter both of surprise and complaint with all that part of the community whose dissatisfactions are the less known, because they are not lightly promulgated. The institution itself, by not fulfilling the public expectation, grows into discredit; and those who have had the principal agency in its establishment are wounded by a growing disrepute, which is attributable truly to an insufficient execution. The President probably knows better than I do, what have been the causes of the deficiency. They may afford a justification; but, uninformed as I am, I cannot help thinking that with due exertion the business of the Mint might have been far more mature and its present powers of action far greater than they are. And I am led to fear that as long as it continues under its present management the public expectation will be disappointed. The Director, although a most respectable man, can hardly be expected on

several accounts to give that close and undivided attention to it, which in its first stages, is indispensable.

“ There is another point in relation to the same subject, on which I should have been silent as long as I could have been supposed to have any personal motive to influence my opinion. But now that this is at an end, I yield without hesitation to my convictions of the public interest, in presenting, with the greatest deference, those convictions to the consideration of the President. They amount to this, that the Mint establishment will be most advantageously, for the service of the United States, placed under the superintendence of the Department of the Treasury. It is obvious that that establishment forms a most material link in the money system of the country. This system, as it regards public operations, is in the management of the Department of the Treasury. It follows, that in the theory of the case, there is an intimate relation between this department and that establishment. . . . Moreover, the Secretary of the Treasury, called daily and habitually to observe the progress of money transactions, awake to everything which can affect them well or ill, because the credit of his department depends upon it, must be more likely than any other

officer, to feel a due sensibility to the efficient and proper course of the mint, and consequently to exert himself to give it such a course.”¹

This letter seems to have had the effect which Hamilton desired, for Washington soon after directed that the mint be attached to the Department of the Treasury.

In the light which more than a hundred years of history and experience throws upon the subject of coinage it may be asked why Hamilton recommended that the metals be coined at the ratio of 15 to 1.² The answer is, that he concluded that 15 : 1 was the market value, or ratio, between the two metals, and he therefore recommended that Congress establish that as the legal, or coinage, ratio between them. Perhaps we will better understand this by an illustration: suppose a case of two nuggets, one of gold

¹ Hamilton's *Life of Hamilton*, vol. vi., p. 186.

² “Hamilton,” Dr. Linderman says, “in determining the quantity of pure silver for the dollar did not take the lawful standard of the Spanish dollar of any particular issue, nor the average of the different issues, as his guide, but the actual average content of fine silver in the Spanish dollars then in circulation; which coin had for many years previously been, as it was then, the standard by which other moneys were generally measured, and in which contracts and money obligations in this country were discharged.”—*Money and Legal Tender*, p. 25.

and one of silver, each of which weighed a pound; the gold nugget would have brought fifteen times as much in the market as the silver nugget; but if the silver nugget had weighed fifteen pounds, they would have been of equal value, and as the market value, or ratio, between the two metals was as 15 : 1, Hamilton regarded it as the best basis upon which to establish the legal, or coinage, ratio. By the Act of 1792, which followed the recommendation of Hamilton, Congress undertook to establish and maintain a double standard with an unvarying ratio, fixed by law, between gold and silver as standard money, which ratio was based upon the fluctuating market ratio of the two metals. The attempt was a failure. The law of the statute could not control the law of commerce or of money. It was like trying to drive a team of horses, each of which would balk, but never at the same time. The result was, when one would balk the other would try to go forward, thus preventing equality in the rate of speed.

It was only a few years after the passage of this act until it was discovered that gold and silver would not travel evenly together at the ratio of 15 to 1. Hamilton and Congress had made a mistake.

Gold had been undervalued ; that is to say, a pound of gold was worth more than fifteen pounds of silver, or an ounce of gold was worth more than fifteen ounces of silver in the markets of the world. This being true, only a limited amount of gold was coined into money, because it would bring more to sell as bullion, and as a consequence gold coins disappeared from circulation. The yellow horse had balked.

The withdrawal of the gold coins from circulation would naturally have left the field clear for the American silver dollar, but it was discovered that only a few of these pieces were in circulation.¹ Investigation showed the reason to be that they had been exchanged for the Spanish dollar, which, although it contained more silver than the American dollar and was consequently heavier, was old and worn, while our dollar, being freshly minted, was new and bright and was readily accepted in exchange for the heavier pieces. The American dealer improved the opportunity thus presented to exchange his dollar for a Spanish one which contained more silver and which was consequently more valuable. The result was the new American silver

¹ Upton's *Money in Politics*, p. 203.

dollar, like the gold coins, disappeared from circulation, but from an entirely different cause.

This occurred while Jefferson was serving his second term as President. On learning the situation he peremptorily directed his Secretary of State, Mr. Madison, to issue the following order to the Director of the Mint¹:

“DEPARTMENT OF STATE, NOV. 1, 1806.

“SIR:—In consequence of a representation from the director of the Bank of the United States, that considerable purchases have been made of dollars coined at the mint for the purpose of exporting them, and as it is probable further purchases and exportations will be made, the President directs that all the silver to be coined at the mint shall be of small denominations, so that the value of the largest pieces shall not exceed half a dollar.

“I am, &c.

“JAMES MADISON.

“ROBERT PATTERSON, Esq.,

“*Director of the Mint.*”

This order remained in full force during the succeeding administrations of Presidents Madison, Monroe, and John Quincy Adams, and part of the

¹ *Domestic (MS.) Letters*, vol. 15, p. 112, Department of State.

first administration of Jackson, a continuous period of thirty years, during which time not a silver dollar was coined by the government.

Simultaneously with the suspension of the coinage of the silver dollar, the coinage of the eagle was suspended, and none of the latter pieces were coined from 1805 until 1838, a continuous period of thirty-three years. The only accessible information which states a cause for the suspension of the coinage of this piece is an unpublished letter written to President Jefferson on the 2d of April, 1807, by Robert Patterson, Director of the Mint, in which he says: "With respect, Sir, to *small coins*, the practice of the Mint has been, and still continues to be in strict conformity with your wishes and instructions. No Eagles nor Dollars have been struck during the last two years."¹

The inference to be drawn from this important information is that Jefferson directed that the coinage of the eagle as well as the dollar should be suspended. He was, of course, aware that the gold coins were withdrawn from circulation and doubtless thought the same reason existed for stopping the coinage of the eagle as for the silver dollar.

¹ Bureau of the Mint, copies of correspondence of U. S. Mint, p. 337.

To such an extent was the country suffering from the exportation of our domestic coins that the Senate in January, 1819, passed a resolution relative to the expediency of prohibiting their exportation by law. The resolution went to the House and was referred to the Committee on Finance, which examined the subject and reported that it was not expedient for Congress to adopt such a resolution. The report stated the failure of legislative enactments to limit the circulation of the precious metals to the territory of their own government, and that this was so even in governments of despotic power, and if it was true in such governments what hope could be indulged that it would succeed in a government like ours, the genius and spirit of which breathed mildness and moderation.

Commenting on the evils resulting from the scarcity of the precious metals, the report said: "It is a malady which admits of no cure but that of time, patient industry, and persevering economy."¹

Gold and silver coins having practically disappeared from circulation the country would doubtless have suffered for want of metallic money which should be a legal tender, had it not been for the act

¹ Benton's *Abridgment*, vol. vi., p. 190.

of Congress passed February 9, 1793. This act provided " That from and after the first day of July, next, foreign gold and silver coins shall pass current as money within the United States, and be a legal tender for the payment of all debts and demands, at the several and respective rates following, and not otherwise. . . .

" Spanish milled dollars, at the rate of one hundred cents for each dollar, the actual weight whereof shall not be less than seventeen pennyweights and seven grains; and in proportion for the parts of a dollar."

This act remained in force until it was repealed by the act of February 21, 1857.

As the Spanish milled dollar circulated largely in this country for many years after the Act of 1793 was passed, and as that act clothed it with legal-tender power, it performed to a considerable extent the functions which our domestic gold and silver coins would have performed had they remained in circulation. It was at least for many years the dollar piece in common use.



CHAPTER V

ACT OF 1834

Deranged Condition of our Monetary Affairs—Differences of Opinion—Report of Mr. Ingham, Secretary of the Treasury—Favors a Single Silver Standard—Reasons why—Report of Gallatin—Opposes the Double Standard—Report of Senator Sanford—Favors the Double Standard—Introduces Bill in the Senate—In the House Mr. White Made Two Reports, One on Silver, the Other on Gold—Makes Another Report in 1832—Mr. White Introduces Bill Favoring Ratio of 16 to 1—Opinion of Roger B. Taney—Debate in Congress—Mr. White Arraigned for his Change of Position—Passage of the Bill Changing Ratio to 16 to 1—Congress Makes Another Mistake—Silver Undervalued by the Act of 1834—As a Consequence it Ceased to Circulate—Demonetization of Silver in Opinion of Many Dates from this Act.

THE disappearance of the gold coins from circulation under the operations of the Act of 1792 contributed largely to produce the deranged monetary condition of the country which began about 1820, and which Congress saw must be remedied if possible. Besides, it was apparent that if the double standard was to be adhered to a new ratio must be adopted and the metals coined on the basis

of a more permanent equality. But differences of opinion prevailed, as might have been expected, and it was a number of years before Congress was able to take definite action on the subject. Various committees were appointed to investigate and report their views relative to the situation. Mr. Ingham, as Secretary of the Treasury, in response to a resolution of the Senate passed two years before, made an exhaustive examination of the subject and reported his conclusions to that body on the 4th of May, 1830. He favored the single standard and argued that it should be silver, because, as he said, that was the money in which the foreign and domestic contracts of the country had been made.

Albert Gallatin, who was Secretary of the Treasury during Jefferson's administration, and also during the first term of Madison, having been requested by Mr. Ingham to do so, examined the question and communicated his views to the Secretary in a letter on the 31st of December, 1829. He said in part: "Although it cannot be expected that an alteration in the erroneous relative legal value of the gold and silver coins of the United States will, whilst paper chiefly of a local circulation continues to be their general currency,

be productive of any great advantage, still the change will do some good, and can be attended with no injury. The present rate was the result of information, clearly incorrect, respecting the then relative value of gold and silver in Europe, which was represented as being at the rate of less than 15 to 1, when it was in fact from 15.5 to 15.6:1. It would be better, at all events, to discontinue altogether the coining of gold than to continue the present system. . . . The whole amount of the inconvenience arising from the simultaneous use of the two metals, consists in this: Their relative value being fixed by law, if this changes at market, the debtor will pay with the cheapest of the two metals; and, therefore, at a rate less than the standard agreed on at the time of making the contract, if the change in the market price is due to a fall in that of the metal with which he pays his debt. And it is obvious, in the first place, that, if the change is due to the rise in value of one of the two metals, and that had been the only legal tender, the choice given to the debtor to pay with either, enables him to do it according to the standard first agreed on. . . . If silver were adopted instead of gold, as the legal tender, which is, in fact, our present

system, gold will be excluded altogether, and the partial advantage gained by the English issue of silver must be given up. To the exclusion of silver there are, on the other hand, great objections. The American dollar, of $371\frac{1}{4}$ grains of pure silver, is the unit of money and standard of value on which all public and private contracts are founded: the supplies of silver are greater, and it requires a greater premium on the exchanges before it can be exported: payments in silver, suppressing small notes, are, as yet, the only practical remedy against over issues of the worst species of paper currency.”¹

In the Senate, “ Mr. Sanford, from the select committee appointed to consider the state of the current coins,” on the 15th of December, 1830,² made an elaborate report in which the theory of the double standard was supported. Upon that subject the report says: “ Our system of money, established in the year 1792, fully adopts the principle that it is expedient to coin and use both metals as money, and such has always been the opinion of the people of the United States.” Relative to the disappearance of the gold coins the report stated: “ The fact that we

¹ *Monetary Conference*, 1878, pp. 591, 595, 596.

² *Congressional Debates*, vol. vii., Appendix, p. 131.

have no gold coins in use, is not the intended effect of our institutions. It has resulted from too low a valuation of gold in respect to silver when our system was established, and a progressive rise in the relative value of gold since that time. By our system, the two metals are coined upon the basis that one pound of gold is equal in value to fifteen pounds of silver; and all our coinage of the two metals has been executed in conformity to this relative valuation. This proportion was too low a valuation of gold in the year 1792; and it is certainly much too low a valuation of gold, in relation to silver, at this time. Our gold coins, being much underrated in respect to silver, have never had any general circulation in the country; they have ceased to be used as money; they are merely merchandise, purchased by a considerable premium over silver; and they are used in manufactures, or exported to Europe."

Concerning the proportion or ratio at which the two metals should be coined the report states: "Upon all the facts before us, the ratio of 15.9 to 1 appears the most eligible. This proportion assigns to gold the average of value which gold bears to silver, when both metals are in demand, for exportation; and it seems more likely than any other

ratio to attain and reconcile the objects of a proportional valuation. It is accordingly recommended as the relative valuation most proper to be established in our coins of the two metals."

A bill was accordingly introduced in the Senate which made no change in the silver coins, but which proposed that the ratio of coinage should be as 15.9 of silver to 1 of gold. Under this proportion the eagle would contain 233 26-53 grains of pure gold and 254 38-53 grains of standard gold, and the other gold coins in proportion.

In the House, Mr. White, Chairman of the Select Committee on Coins, on the 22d day of February, 1831,¹ made a comprehensive report on the subject of silver coins, and on the same day made another report on the subject of gold coins, which were largely based upon the bill Mr. Sanford had introduced in the Senate and which the House had referred to Mr. White's committee for examination and report. These various reports constitute an encyclopædia of historical and accurate information as well as a most philosophical discussion of the relationship of the metals to each other and the proportion at which they should be coined.

¹ *Congressional Debates*, 1830-31, vol. vii., p. clii., Appendix.

The report concerning gold coins among other things contained the following language: "The committee . . . feel compelled, reluctantly, to withhold their assent to the opinions preferred in support of the double standard. They cannot admit, that by rejecting one of the metals, any of the injurious consequences predicted would ensue."

Among other conclusions the committee reached the following: "That there are inherent and incurable defects in the system, which regulates the standard of value in both gold and silver; its instability as a measure of contracts, and mutability as the practical currency of a particular nation, are serious imperfections; whilst the impossibility of maintaining both metals in concurrent, simultaneous, or promiscuous circulation appears to be clearly ascertained. That the standard being fixed in one metal is the nearest approach to invariableness, and precludes the necessity of further legislative interference."

The report concludes in the following language: "Influenced by these considerations, the committee recommend that the standard value of gold be regulated according to the ratio of 1 of gold for 15 625-1000 of silver; and that the portion of alloy here-

after used in coinage be established at one-tenth, and therefore submit the following amendments to the bill from the Senate.”

On the 30th of June, 1832, Mr. White made another report to the House on the subject of coinage, in which he says: “ The committee, upon due consideration of all attendant circumstances, are of the opinion that the standard of value ought to be legally, and exclusively, as it is practically, regulated in silver.”¹

These reports indicate that Mr. White and his committee favored the double standard, but if a single standard was to be adopted it should be silver. It is quite evident, however, that Mr. White changed his opinion, although presumably upon great deliberation, for on the 21st of June, 1834, two years after his last report, he moved to strike out all after the enacting clause of the bill which he had introduced so long before and to amend it by substituting therefor a new bill, fixing the ratio of gold to silver as 16 to 1.² This was the Act of 1834, which passed Congress on the 28th of June of that year by a vote in the House of 145

¹ Twenty-second Congress, First Session, H. R., Rep. No. 496, p. 6.

² *Congressional Debates*, 1833-34, pp. 4643, 4644.

yeas to 36 nays, and passed in the Senate by a vote of 35 yeas to 7 nays.

The act provided that the eagle (which it will be remembered under the Act of 1792 contained $247\frac{1}{8}$ grains of pure, or 270 grains of standard gold) should contain 232 grains of pure gold, and 258 grains of standard gold. The act also reduced the quantity of gold in the half-eagle and quarter-eagle, but made no change in the silver coins. The effect of reducing the number of grains of pure gold in the eagle, half-eagle, and quarter-eagle, and leaving the silver coins at their original weight, so changed the market ratio between the two metals that it resulted in changing their legal, or coinage, ratio from 15 to 1, and establishing it at 16 to 1, and this is the origin of the now famous expression, "16 to 1," although the act did not in express terms fix the ratio at 16 to 1, but simply determined the amount of pure gold the gold coins should contain. Nothing was said in the act about silver coins or the ratio at which the two metals should be coined. In this respect it differed materially from the Act of 1792, which expressly provided that the proportional value of gold and silver coins should be as 15 to 1. The only legal ratio ever established was by this

act; the ratio of 16 to 1 being, as above stated, the result of reducing the amount of gold in the gold coins and leaving the silver coins at their old weight and fineness. The ratio of 16 to 1 is therefore an artificial ratio and not one fixed by law, although if the Government at that time had coined gold dollars on the basis that each dollar contained one tenth the amount of pure gold that the eagle contained, 16 to 1 would have been a very near approach to the true ratio between gold and silver dollars; the gold dollar would have contained 23.2 grains of pure gold, while a silver dollar would have contained $371\frac{1}{4}$ grains of pure silver. This would not have been at the ratio of 16 to 1, but the true ratio would have been $16.002155 +$ to 1.

The introduction of Mr. White's substitute to his original bill was notice to Congress and the country that the drift of public thought was towards a single standard, and that gold. One thing was sure, Congress had not been hasty in its action. It was four years since Senator Sanford's committee had reported to the Senate in favor of the double standard with strong manifestations of a preference for silver, but the unsatisfactory conditions of the financial affairs of the country for a number of years, with

every prospect of their continuance, had produced a deep impression upon the leading minds of the nation, and there grew up a strong desire to abandon a policy which had failed to bring prosperity to the country and contentment to the people. This feeling was general. Early in 1834, Roger B. Taney, Secretary of the Treasury, in an official communication to the Ways and Means Committee, said: "The first step towards a sound condition of the currency is to reform the coinage of gold."¹ The debate in the House on the substitute bill was protracted, exhaustive, and at times personal. The whole subject of coinage, from a historical standpoint, was gone over, and the different ratios at which it had been proposed to coin the metals in this country were reviewed, and Mr. White's change of opinion was referred to in such a way as to indicate that by many members of the House it was not appreciated. Mr. Selden of New York opposed Mr. White's substitute and introduced an amendment which provided that the quantity of fine gold in the eagle should be $237\frac{6}{10}$ grains,² and that the half-eagle and quarter-eagle should contain propor-

¹ *Congressional Debates*, 1833-34, p. 4644.

² *Ibid.*

tionate amounts of pure gold, and supported his amendment in a speech of great vigor. Another member, Mr. Binney, also opposed the substitute, and sharply arraigned Mr. White for changing his position on the subject. Among other things, he said "the important matter before the House, the relative value of gold and silver, had now been brought up for consideration in a way which he could not help regarding as altogether extraordinary.

. . . Without any previous notice, the Chairman had abandoned his whole bill, ratio, subsidiary currency and all, and had come out with a simple enactment for making gold coins in the ratio to silver of 1 to 16, or thereabouts. The Honorable Chairman had never supported nor suggested such a ratio in any of his reports. . . . The Chairman now proposed, without giving any reasons at all, an eagle of two hundred and thirty-two grains of fine gold, and the consequent ratio of 1 to 16, to the probable if not certain overthrow of the silver basis."¹ Mr. Gorham in his speech said that the House was about to make gold cheaper than silver, and as a necessary consequence silver would be sent abroad and gold retained. An amendment offered

¹ *Congressional Debates*, 1833-34, p. 4663.

by Mr. Gorham having been withdrawn by him was not voted upon, while Mr. Selden's amendment was defeated by a vote of 52 yeas to 127 nays. Mr. Gorham then offered another amendment, making the eagle to consist of 234 grains of fine gold and 260 grains of standard gold, and the subsidiary gold pieces in proportion. This amendment was rejected by a vote of 69 yeas to 112 nays. The question then came up on the passage of the original bill as amended by Mr. White, providing that the eagle should contain 232 grains of pure gold, and was passed by a vote of 145 yeas to 36 nays.¹

The first crisis in the history of our coinage had been met, the first great debate on the question of coinage which occurred in the American Congress had closed, the first great battle between the standards in the United States had been fought. Gold had won. To the student of American coinage there is no more interesting or instructive period than that which marks the first transition from the double standard to the single standard of gold. It is this period which I have tried to describe. I have quoted, I think, sufficiently from men who

¹ *Congressional Debates*, 1833-34, p. 4673.

were distinguished for their learning on the subject of coinage, and from the reports of committees whose members had thoroughly examined the relationship of gold to silver and reported their respective findings to Congress, to show the great interest that was taken in the subject by the leading men of the nation, and that Congress had been sufficiently deliberate in its investigation to impress the country and future students of the subject that it was not unmindful that its action would exert a vast influence upon the future course of gold and silver in the United States and possibly in the world.

The cry which has arisen in recent years concerning the domination of legislation by the money power and the charge that the wealth of the country was concentrated in the gold party had not yet been heard to any great extent. Many of our ablest men, however, were sensible of the fact that the Act of 1834 was a significant triumph for gold. Members of Congress who opposed it did not hesitate to say that they recognized that its effect would be to drive silver from circulation and bring back gold. Those who favored the bill predicted that it would restore prosperity and bring that encouragement and hope to the country which had so long been driven from

it. Those who opposed the bill seem to have acted with the same honesty of motive and the same convictions of duty as those who favored it, but they feared the result of what they thought would be the complete domination of *one* of the metals in business and commerce. Such feelings have characterized every debate which has occurred on the subject of coinage. Those who believed that a single standard would be beneficial to the country appeared to possess an intensity of feeling on the subject almost impossible of reconciliation to any other view, while those who believed that the double standard should be maintained argued it with a vehemence born of earnestness and consistency.

It was not long before experience demonstrated that another mistake had been made, and that silver had been undervalued by the Act of 1834, as gold had been by the Act of 1792. That is to say, sixteen pounds of silver were now worth more in the markets of the world than one pound of gold, and consequently the owner of silver bullion would sell it rather than take it to the mint and coin it, just as the owner of gold bullion did when that metal was undervalued.

The effect was to drive silver out of circulation

and bring back gold, for again the two metals would not circulate as money at the same time. They obeyed that unchangeable principle announced by Gresham two centuries ago, that when two pieces of metallic money of the same denomination and the same nominal or mint value, but of different intrinsic or market values, are in circulation, the one of the least intrinsic value will continue to circulate, while the other will be withdrawn, and, being of greater market value, will either be melted, hoarded, or exported. The experience of mankind teaches that men will pay out the piece of money which is least valuable and keep that which is of the greatest value. It was for this reason that gold disappeared from circulation in this country under the Act of 1792, and silver disappeared under the Act of 1834; for just as gold disappeared when the metals were coined at the old ratio of 15 to 1, silver disappeared from circulation as money when the two metals were coined at the new ratio of 16 to 1. This time the white horse balked.

Since the passage of the Act of 1834 there has been no change in the ratio at which the two metals have been coined in the United States, although the

market ratio is now about 36 to 1, owing to the great decline in the price of silver bullion.

In the opinion of many persons versed in our coinage history, the demonetization of the silver dollar in the United States dates from the passage of this act, while some think it was the result of the Act of 1853. We know that before the passage of the Act of 1834, which reduced the weight of the gold coins, gold did not circulate to any extent; neither did the American silver dollar, for reasons already stated. It was not the purpose of the Act of 1834 to prevent the circulation of the subsidiary coins, but to reduce the amount of gold in the gold coins so that they and the silver coins would circulate together; but through a mistake on the part of Congress, gold was overvalued and this caused the silver coins to be withdrawn from circulation, one of the very things it was hoped the act would prevent.

In his report to the Secretary of the Treasury for 1876, Comptroller Knox, in speaking of the effect of this act on silver, said: "The act of June 28, 1834, which reduced the gold standard about six and one-fourth per cent., practically demonetized the silver coinage. Previous to the date of the passage of that act American gold and silver coins of

all denominations were equally a legal tender, and the silver coins of less denomination than one dollar were chiefly in use, only \$1,369,517 in silver dollars having been issued from the mint at that date. The Act of 1834 overvalued the gold coinage, driving from the country the full-weight silver coins previously in circulation; and it may be confidently stated that from 1834 to 1873 no silver dollar pieces have been presented at any custom-house in payment of duties. The entire customs duties of the country during this period were, with the exception of silver used in *change*, paid in gold coin, and from this fund the interest paid upon the public debt has been chiefly derived. It is not probable that in the last forty years one of these silver dollar pieces has been used in this country in the payment of debt, except in certain cases of special contract, while thousands of millions in gold coin have been used to liquidate debts, both public and private. . . .

“ From 1793—the date of the first issue of silver coin by the United States—to 1834, the silver and the gold dollar were alike authorized to be received as legal tender in payment of debt, but silver alone circulated. Subsequently, however, silver was not used, except in fractional payments, or, since 1853,

as a subsidiary coin. The silver dollar, as a coin of circulation, had become obsolete and useless. The reason why, prior to 1834, payments were made exclusively in silver, and subsequent to that date in gold, is found in the fact that prior to the legislation of 1834 the weight of fine silver in the silver dollar was fixed at fifteen times the weight of fine gold in the gold dollar; but after that date, owing to a reduction in the weight of gold required for the standard gold dollar, the silver dollar was made to contain of fine metal almost precisely sixteen times that of the new gold dollar; the actual market value of gold during the entire period having been greater than fifteen and less than sixteen times the value of silver of equal weight. During the earlier period, therefore, the standard silver coins were relatively the cheaper, and consequently circulated to the exclusion of the gold; while during the later period the standard gold coins were cheaper, circulating to the exclusion of the silver."

NOTE.—While Mr. White's bill was pending in the House, various suggestions were made as to the weight at which the Eagle should be coined. These varied from $23\frac{4}{8}$ to $238\frac{1}{8}$ grains of fine gold, and from $254\frac{2}{8}$ to 264 of standard gold; while the ratios of coinage varied from 1:15.607 to 1:15.900. These suggestions appear in a letter from Samuel Moore, Director of the Mint, to Campbell P. White, dated May 25, 1832, Report No. 278, p. 79.



CHAPTER VI

ACT OF 1837

The Mint Reorganized under it—It Fixed the Weight of the Standard Silver Dollar at $412\frac{1}{4}$ Grains—Reduced the Weight of the Silver Coins—Added slightly to the Weight of the Gold Coins—Provided for an Equal Proportion of Alloy in Gold and Silver Coins—Table of Coinage.

AFTER the establishment of the mint under the provisions of the Act of 1792 there was no general revision of the laws governing it until Congress passed the Act of January 18, 1837. While this act was general in its provisions relative to the mint, it made the important change of reducing the weight of the silver coins. This was done by reducing the amount of alloy they contained, the amount of pure silver in each remaining the same as it was under the Act of 1792. The ninth section of the act provided "That of the silver coins, the dollar shall be of the weight of four hundred and twelve and one-half grains; the half-dollar of the weight of two hundred and six and one-fourth grains; the quarter-

dollar of the weight of one hundred and three and one-eighth grains; the dime, or tenth part of a dollar, of the weight of forty-one and a quarter grains; and the half dime, or twentieth part of a dollar, of the weight of twenty grains and five-eighths of a grain." The legal-tender power of these coins was not affected by the act. Nor was any change made in the weight of the standard gold coins, but the weight of pure gold in the eagle was increased from 232 to 232.2 grains, and in the other gold coins in proportion. This was the first reduction the law made in the weight of the silver dollar and subsidiary coins, and the introduction into our coinage system of the $412\frac{1}{2}$ -grain silver dollar dates from the passage of this act. One of the most important changes made by the act from that of 1792 was the change in the standard. Under the act establishing the mint the standard was 11 parts pure to 1 of alloy (excepting a very slight deviation in the silver coins), but this act provided that the standard of gold and silver coins should be "such that of one thousand parts by weight, nine hundred should be of pure metal, and one hundred of alloy," which made the proportion of pure metal to alloy in both the gold and silver coins as 9 to 1.

The Act of 1834 reduced the weight of the pure gold and alloy in the gold coins, but did not affect the silver coins; while the Act of 1837 reduced the weight of alloy in the silver coins, but left the pure silver in them the same as under the Act of 1792, and very slightly increased the weight of the pure gold in the gold coins, as the result of changing the standard from 11 parts pure to 1 part of alloy, to 9 parts pure to 1 of alloy. The following tables show the difference in weight of the gold coins under the Acts of 1792 and 1834, and the difference in weight of the silver coins under the Acts of 1792 and 1837:

GOLD COINS

ACT OF 1792.				ACT OF 1834.			
		gr. p...	gr. st'd.		gr. p...	gr. st'd.	
Eagle.....	247 $\frac{1}{8}$	gr. p...	270	232	gr. p...	258	gr. st'd
Half-eagle...	123 $\frac{5}{8}$	" ..	135	116	" ..	129	"
Quar.-eagle..	61 $\frac{7}{8}$	" ..	67 $\frac{1}{8}$	58	" ..	64 $\frac{1}{8}$	"

SILVER COINS

ACT OF 1792.				ACT OF 1837.			
		gr. p...	gr. st'd.		gr. p...	gr. st'd.	
Dollar.....	371 $\frac{1}{8}$	gr. p...	416	371 $\frac{1}{8}$	gr. p...	412 $\frac{1}{8}$	gr. st'd
Half-dollar ..	185 $\frac{1}{8}$	" ..	208	185 $\frac{1}{8}$	" ..	206 $\frac{1}{8}$	"
Quar.-dollar..	92 $\frac{1}{8}$	" ..	104	92 $\frac{1}{8}$	" ..	103 $\frac{1}{8}$	"
Dime.....	37 $\frac{1}{8}$	" ..	41 $\frac{3}{8}$	37 $\frac{1}{8}$	" ..	41 $\frac{1}{8}$	"
Half-dime...	18 $\frac{1}{8}$	" ..	20 $\frac{1}{8}$	18 $\frac{1}{8}$	" ..	20 $\frac{5}{8}$	"



CHAPTER VII

ACT OF 1853

Disappointment in the Effect of the Acts of 1834 and 1837—Financial Condition of the Country Unsatisfactory—Disappearance of Subsidiary Silver—No Attempt by Congress to Remedy the Situation—Recommendation of Corwin, Secretary of the Treasury—Report of Senator Hunter—Further Recommendations of the Secretary—Passage of the Act of 1853—Omits Reference to the Silver Dollar—Limits Coinage of Subsidiary Coins to the Pleasure of the Government and Reduces their Weight—Limits their Legal-Tender Power—Speech of Mr. Dunham—Speech of Mr. Skelton—Speech of Mr. Johnson—Decision of United States Supreme Court—Effect of the Act of 1853—Supplemented the Act of 1834 in Putting the Country on the Gold Basis—Coinage Tables.

NEITHER the Act of 1834 nor that of 1837 brought that stability to the monetary condition of the country which had been hoped and expected, but, on the contrary, it continued to be most unsatisfactory. The subsidiary silver coins had almost wholly disappeared from circulation as the result of the Act of 1834, just as the gold coins had disappeared as the result of the Act of 1792. One act had undervalued gold, the other

undervalued silver. Although this condition prevailed for a number of years, there was no effort on the part of Congress to remedy the evil until Thomas Corwin, Secretary of the Treasury, called attention to the situation in his report of 1852, and recommended the reduction of the amount of silver in the subsidiary coins as being the only remedy. Congress then gave the subject consideration and Senator Hunter made an elaborate report on it in the Senate on the 8th of March, 1852. Referring to the report of the Secretary, he said:

“ In adopting a diminution of the amount of standard silver to the extent recommended by the Secretary of the Treasury, your Committee have acted not without doubt. So great a diminution in the amount of silver will undoubtedly preserve a supply of coin for the smaller transactions of society; but if it approached more nearly the true bullion value, the silver coined would be much more efficient as a general circulating medium. . . . Notwithstanding these considerations, the Committee have determined to adopt the recommendation of the Secretary of the Treasury, which will at least accomplish the end of giving the community a currency of silver tokens, instead of one of bank notes

of smaller denominations. The great measure of re-adjusting the legal ratio between gold and silver cannot be safely attempted until some permanent relations between the market values of the two metals shall be established.”¹

In his report of January 15, 1853, the Secretary again called the attention of Congress to the subject in the following language:

“ The inconvenience arising from the scarcity of silver coinage still continues, and to such an extent as calls loudly for some legislative action to remedy the evil. . . .

“ I see no remedy for this great existing evil but the adoption of the principle embraced in the bill which passed the Senate during the last session, making a new issue of silver coinage of such reduced weight as will allow it to circulate with the gold coinage of established weight and fineness.

“ The principal objection which has been urged against the proposed new silver currency is, that it could not, without a violation of contracts, be made a legal tender for the payment of debts, and that gold would, therefore, hereafter be the only legal

¹ Senate Report, First Session, Thirty-second Congress, No. 104, pp. 10, 12.

tender. It is true that heretofore the laws of the United States have recognized the coin of either metal as a legal tender; and if it was at the option of the creditor to select which he would receive, there would be a very serious objection to changing either the weight or standard fineness of any portion of the coin. But this is not the fact, as it rests with the debtor to say with which description of coin he will pay his debts; and the natural and inevitable consequences of the premium which silver now bears have been to establish, practically, gold as the only legal tender.”¹

The result of the Secretary's recommendation was the passage of the Act of 1853. It was entitled, “An act amendatory of existing laws relative to the half-dollar, quarter-dollar, dime, and half-dime.” It reduced the weight of the half-dollar to 192 grains and the quarter-dollar, dime, and half-dime in proportion, but it made no mention of the silver dollar.

The purpose Congress sought to accomplish by reducing the weight of the subsidiary silver coins was to keep them at home and in circulation, for as the Act of 1834 undervalued silver, these coins were

¹ Report of Thomas Corwin, Secretary of the Treasury, January, 1853, Senate Doc. 22, p. 11.

more valuable for bullion purposes or exportation than they were for money, and were consequently bought up by the speculators and exporters, and in that way taken out of circulation. It was the old story over again,—simply another illustration or proof of the law that a piece of money which is more valuable for bullion than for money is withdrawn from active circulation and hoarded or re-coined and the excess of its money value carried to the profit side of the ledger. The same cause has always produced the same effect whenever tried. So extensively had this practice of speculating been carried on that the business of the country had greatly suffered for the want of coins of small denominations, commonly known as fractional silver pieces, and Congress believed that by reducing the weight of these coins and depriving them of their excessive value as bullion, they would be made to circulate, and as a consequence relieve the stringency that the country felt in the daily transaction of its business.

The question may suggest itself why this act omitted any reference to the silver dollar, or failed to make any change in it, while it reduced the amount of pure silver in the half-dollar, quarter-

dollar, dime, and half-dime. The answer is, that from the establishment of the mint to the passage of this act, a period of sixty years, there had been coined in the United States only 2,506,280 silver dollars, and most of these had been exported or withdrawn from circulation; in any event there were so few of them in the active channels of business when this act was passed that their influence did not affect the condition of the country, and it was therefore unnecessary to legislate concerning them—but the country was suffering because the fractional silver pieces were withdrawn, and the purpose of the act was to retain them at home and cause them to again become current. It was not the silver dollar which Congress sought to bring back and cause to circulate by passing the Act of 1853, but it was to restore the circulation of the fractional silver pieces.

One of the most significant provisions of the act was the fifth section, which read: "No deposits for coinage into the half-dollar, quarter-dollar, dime, and half-dime shall hereafter be received, other than those made by the treasurer of the mint, as herein authorized, and upon account of the United States."

This act reduced the silver coins (except the

dollar) almost seven per cent. in value and also limited their legal-tender power to five dollars. No such antagonism to silver has been shown in the legislative history of our country before or since as was manifested by this act. It denied to the holder of silver bullion the right to have his bullion coined into half-dollars, quarter-dollars, dimes, and half-dimes, and limited the coinage of these subsidiary coins to the pleasure of the Government, just as the Government now limits the coinage of the silver dollar. Before the passage of this act two half-dollars, or four quarter-dollars, or ten dimes, or twenty half-dimes weighed $412\frac{1}{2}$ grains of standard silver and equalled in weight the silver dollar, but this act so reduced the weight of these coins that two half-dollars, or four quarter-dollars, or ten dimes, or twenty half-dimes weighed only 384 grains of standard silver. It was the first time in the history of the country that the Government exercised the right to control the coinage and deny to its citizens the free coinage of their bullion; and it is a circumstance which aptly illustrates the fluctuations of party creed in American politics, that the political party which advocated the right and policy of the Government to control and limit the coinage

of the subsidiary silver coins and enacted a law to that effect, afterwards opposed the right and policy of the Government, when it again desired to pursue such a course. When this bill was being discussed in Congress it was claimed that it would result in establishing the gold standard, and it clearly appears from the debates as published in the *Congressional Globe* that such was the evident purpose of the bill, and that there was no desire to conceal it.

In speaking upon this question in the House, Mr. Dunham, Chairman of the Ways and Means Committee, said¹:

“We propose, so far as these coins are concerned, to make silver subservient to the gold coin of the country. We intend to do what the best writers on political economy have approved; what experience, where the experiment has been tried, has demonstrated to be the best, and what the committee believe to be necessary and proper—to make but one standard of currency, and to make all others subservient to it. We mean to make the gold the standard coin, and to make these new silver coins applicable and convenient, not for large, but for small transactions.”

¹ Appendix to *Congressional Globe*, vol. xxvi., p. 190.

Farther on in his speech he said :

“ Another objection urged against this proposed change is, that it gives us a standard of currency of gold only. What advantage is to be obtained by a standard of the two metals, which is not as well, if not much better, attained by a single standard, I am unable to perceive ; whilst there are very great disadvantages resulting from it, as the experience of every nation which has attempted to maintain it has proved. The constant, though sometimes slow change in the relative values of the two metals has always resulted in great inconvenience, and frequently in great loss to the people. Wherever the experiment of a standard of a single metal has been tried, it has proved eminently successful. Indeed, it is utterly impossible that you should long at a time maintain a double standard. The one or the other will appreciate in value when compared with the other. It will then command a premium when exchanged for that other, when it ceases to be a currency and becomes merchandise. It ceases to circulate as money at its nominal value, but it sells as a commodity at its market price. This was the case with gold before the act of 1834 ; it is now the case with silver. Gentlemen talk about a double

standard of gold and silver as a thing that exists, and that we proposed to change. We have had but a single standard for the last three or four years. That has been, and now is, gold. We propose to let it remain so, and to adapt silver to it, to regulate it by it."

Mr. Skelton, another member of the House, in speaking upon this bill, used this language¹:

"The main object of the bill is to supply small silver change, half-dollars, quarter-dollars, dimes, and half-dimes. The bill does not propose to change the value of the gold currency; it does not propose to disturb the standard of value now in existence throughout the country. Gold is the only standard of value by which all property is now measured; it is virtually the only currency of the country."

The principal objection to the bill in the House came from Andrew Johnson, a member from Tennessee. Ten years afterwards he was nominated and elected Vice-President on the ticket with Mr. Lincoln, and by reason of the assassination of the President succeeded to the Presidency. In his speech against the bill, he said, among other things:

¹ *Congressional Globe*, vol. xxvi., p. 629.

“ I look upon this bill as the merest quackery—the veriest charlatanism—so far as the currency of the country is concerned. The idea of Congress fixing the value of currency is an absurdity, notwithstanding the *language* of the Constitution—not the meaning of it. . . . If we can, by law, make one hundred and seven dollars out of one hundred dollars, we can, by the same process, make it worth one hundred and fifty dollars. Why, sir, of all the problems that have come up for solution, from the time of the alchemists down to the present time, none can compare with that solved by this modern American Congress. They alone have discovered that they can make money—that they can make one hundred and seven dollars out of one hundred dollars. If they can increase it to that extent they can go on and increase it to infinity; and thus, by the operations of the Mint, can the Government supply its own revenues. The great difficulty of mankind is solved; the idea that so much money is wanted all over the world is at length at an end.”¹

The principle which Mr. Johnson contended for was that, under the Constitution, Congress had no

¹ Speech of Andrew Johnson, *Congressional Globe*, vol. xxvi., pp. 475, 476.

power to put less than one hundred cents' worth of bullion into a dollar and force it upon the public for a dollar; and, if Congress had such power, it ought not, in good faith, to exercise it, because in that way the debtor could pay his debt with coins which were not intrinsically worth their face value.

Thirty years afterwards the Supreme Court of the United States, in the case of *Juilliard v. Greenman*,¹ decided directly against the first position taken by Mr. Johnson. In delivering the opinion in that case Mr. Justice Gray, with the approval of the entire Court except a dissenting opinion by Mr. Justice Field, used this language:

“ Under the power to coin money and to regulate its value, Congress may (as it did with regard to gold by the act of June 28, 1834, ch. 95, and with regard to silver by the act of February 28, 1878, ch. 20) issue coins of the same denominations as those already current by law, but of less intrinsic value than those, by reason of containing a less weight of the precious metals, and thereby enable debtors to discharge their debts by the payment of coins of the less real value.”

The Court expressed no opinion concerning the

¹ 110 *U. S. Rep.*, p. 449.

moral effect of such an act, but only held that Congress had the power to pass such laws under its constitutional authority to coin money.

The effect of the passage of this act was just what the leading members of Congress said it would be when it was being discussed in the House of Representatives. It effectually put the country on the gold basis, thus supplementing the effect of the Act of 1834. The white horse had balked again, but as there is no evidence of complaint on account of this legislation it must have been cheerfully concurred in everywhere. After the passage of the Act of 1853 the difficulties encountered with the double standard would probably have been avoided for all time had it not been for the Civil War. When that came the country had been on the gold basis for a number of years, and no doubt would have remained so had not all theories of finance been set aside by that great crisis. The following table shows the weight of the silver coins under the Acts of 1837 and 1853.

SILVER COINS

ACT OF 1837.				ACT OF 1853.			
		gr. p...	gr. st'd		gr. p...	gr. st'd	
Dollar.....	$371\frac{4}{16}$	"	$412\frac{1}{8}$	$371\frac{1}{4}$	"	$412\frac{1}{8}$	"
Half-dollar..	$185\frac{10}{16}$	"	$206\frac{1}{4}$	$185\frac{10}{16}$	"	192	"
Quar.-dollar.	$92\frac{1}{8}$	"	$103\frac{1}{8}$	$92\frac{1}{8}$	"	96	"
Dime.....	$37\frac{9}{16}$	"	$41\frac{1}{4}$	$37\frac{9}{16}$	"	$38\frac{3}{8}$	"
Half-dime ..	$18\frac{9}{16}$	"	$20\frac{3}{8}$	$18\frac{9}{16}$	"	$19\frac{9}{16}$	"



CHAPTER VIII

ACT OF 1873

A General Act for the Government of the Mint—Made the Mint One of the Bureaus of the Treasury Department and Transferred it to Washington—Added the Gold Dollar to the Existing Gold Coins and Made it the Standard of Value—Added the Three- and Twenty-Dollar Gold Pieces—Changed the Weight of the Subsidiary Silver Coins from Grains to Grammes—Speech of Senator Sherman—Omitted the Coinage of the Silver Dollar—Coinage of the Trade Dollar—This Act Commonly Called the “Crime of ’73”—Reasons for Omitting the Silver Dollar—The Silver Dollars in Existence not Affected by the Act—The Act of 1874 Limited the Legal-Tender Power of the Silver Coins—Decline in Price of Silver Bullion—Causes of the Decline.

THE next important act which affected the coinage of our country was passed on the 12th of February, 1873, and is entitled, “An act revising and amending the laws relative to the mint, assay offices, and coinage of the United States.” Until this act was passed there had been but one general revision of the coinage laws since the establishment of the mint under the Act of

1792. That law was passed in 1837, making a period of forty-five years from the passage of the original act to the first revision, and a period of thirty-six years from the first to the second revision. The Act of 1873 was more specific in reference to the government of the mint than either of the former acts. It consisted of sixty-seven sections. It made the mint one of the bureaus of the Treasury Department and transferred the Director's office to Washington. It left the standard for gold and silver coins where the act of 1837 had placed it, to wit: "That of one thousand parts by weight, nine hundred shall be of pure metal and one hundred of alloy." To the existing gold coins—the eagle, half-eagle, and quarter-eagle—it added the gold dollar or unit, and fixed its standard weight at $25\frac{8}{10}$ grains and made it the unit of value; a three-dollar gold piece of the standard weight of $77\frac{4}{10}$ grains, and a double eagle, or twenty-dollar gold piece, of the standard weight of 516 grains. This was the first time the law provided for the coinage of a three-dollar gold piece, but the gold dollar and double eagle were coined under the Act of March 3, 1849.

The act also provided that the weight of the subsidiary silver coins should be a given number of

grammes, instead of a given number of grains as all the previous acts had provided. The reason for this change was stated in a speech delivered by Senator Sherman on January 17, 1873, while the bill was under consideration in the Senate. He said: " This bill proposes a silver coinage exactly the same as the French and what are called the Associated Nations of Europe, who have adopted the international standard of silver coinage; that is, the dollar provided for by this bill is the precise equivalent of the five-franc piece. It contains the same number of grammes of silver; and we have adopted the international gramme instead of the grain for the standard of our silver coinage. The ' trade dollar ' has been adopted mainly for the benefit of the people of California and others engaged in trade with China.

" That is the only coin measured by the grain instead of by the gramme. The intrinsic value of each is to be stamped upon the coin. . . . The Chamber of Commerce of New York first recommended this change, and it has been adopted, I believe, by all the learned societies who have given attention to coinage, and has been recommended to us, I believe, as the general desire. That is

embodied in these three or four sections of the amendment, to make our silver coinage to correspond in exact form and dimensions, and in shape and stamp, with the coinage of the Associated Nations of Europe, who have adopted an international silver coinage.”¹

This change in the content of the subsidiary coins increased the weight of the standard half-dollar piece nine-tenths of a grain and the other pieces in proportion.

In this act the coinage of the standard silver dollar of $412\frac{1}{2}$ grains was omitted, but provision was made for the coinage of a silver dollar weighing 420 grains which became known as the trade dollar, and the half-dollar, quarter-dollar, dime, and half-dime were retained. This is the act which it is said demonetized silver and has been so often referred to as the “Crime of ’73.” The reasons that the standard silver dollar was not retained in this act were the same which caused it to be omitted from the Act of 1853. It had not been in use for many years because there had been no demand for it, and as the bullion in it was worth three or four per cent. more than the bullion in a gold dollar, it

¹ *Congressional Globe*, p. 672, January 17, 1873.

was sold for bullion or exported and thus kept from circulation. For these reasons the coinage of this piece was discontinued by the new act.

It is time the American people recognize that when this act dropped the silver dollar from the list of coins that should be coined at our mints it simply wrote into the law what had been in practical operation for many years, for there had been so few silver dollars coined, and in circulation at that time, that they could have had no perceptible influence on our financial condition. The act dropped the silver dollar and limited the coinage of silver, except for trade dollars, to the pleasure of the Government, and made the gold dollar the unit of value. This had practically been the condition of the country for a long time. Neither public sentiment nor business had demanded the coinage of silver dollars, while the amount of our subsidiary coinage had not been large for many years, and gold had by common consent been the standard in this country since the Act of 1853, if not since the Act of 1834. The Act of 1873 merely crystallized into law a condition which had been as strong as law for more than a quarter of a century. It is hardly creditable to the American people or the American Congress to say

that an act which legalized permanent public sentiment was a crime against civilization and broke down one half the metallic money of our country. If the argument is to proceed on the theory that one half the metallic money of the United States was destroyed by the Act of 1873, I answer that it had been destroyed from the beginning of the Government; or, more accurately speaking, one half the metallic money of the country had never had any practical circulation in the United States, for under the Act of 1792 one kind of metallic money disappeared from circulation, and under the subsequent acts the other kind disappeared. Such was our financial situation when Congress passed this act. The act dealt with the silver dollar as it found it. It is a mistake to say that it demonetized it. It did not. This term has been used with great freedom to describe the condition of the silver dollar after the act became a law. The impression sought to be created is that the silver dollar had been degraded as money—but such was not the case. The silver dollars already in existence were not referred to in the act. It in no way affected them. It did not withdraw them from nor limit their circulation. Neither did it impair their power as money, nor

their ability to discharge debts. In the revision of the Federal Statutes in 1874 a clause was inserted limiting the legal-tender power of the silver coins of the United States to five dollars. This, of course, included the silver dollar, and it was this act and not that of 1873 which affected the legal-tender power of that piece. It is claimed this clause was inserted through a mistake and that it was not the intention of Congress that it should apply to the silver dollar; but however that may be, the Act of 1873 cannot be held responsible for the error.

Another fact that ought to be remembered is that no one seemed to have discovered that the Act of 1873 omitted the silver dollar until some years later when the price of silver bullion began to fall. Then the agitation began in the silver States about the omission of the dollar from the act, and it was charged that a crime had been committed, but if silver had not fallen in value there would have been no agitation on the subject. The friends of silver refuse to recognize the effect which the vast production of silver had upon its price. The product of a single mine in a Western State lowering the price of silver bullion in every market of the world was not considered by them. Neither was it considered

that shortly before the act was passed, Germany, by reason of having gone to the gold standard, had sold several million dollars' worth of silver bullion, which depressed the market, nor did the fact that other nations, including the Latin Union, had adopted the gold standard, make any difference to the friends of silver. All these causes contributed to the downward price of silver bullion, but they were not taken into consideration. The silver men had adopted the battle-cry that the Act of 1873 was responsible for the great fall in the price of silver bullion, and they regarded it as sufficient cause to arouse their resentment, notwithstanding many of their leading Senators and Representatives had voted for this bill.

Another cause which operated to bring about the decline in the value of silver was the decrease in the commercial demand for it although the supply continued to increase. The world's production of gold and silver increased faster for many years than its demand for metallic money, and the functions which both metals had performed could now be largely performed by one of them, and the other must to that extent give way. Which should it be and what power could decide? No law of the

Reichstag, or Parliament, or Congress could control it, but there was one supreme law, which is above and beyond legislative enactment, and that was the law of commerce. It demanded that gold take its rightful place in the world's monetary system, and gold, in obedience to that command, took the place which had formerly been occupied by it and silver together. The effect was felt in every nation and market of the world, and silver bullion fell in price as a consequence of competition with gold, just as everything falls in price as the result of competition. There was no legerdemain about the decline in value of silver bullion. It was due to many causes, but was largely the result of a powerful rivalry between the precious metals, with the great laws of competition and supply and demand playing their part in the game of international commerce.

The annual average value of the bullion in 371½ grains of fine silver for sixty-one years—from 1837 to 1898—as shown by the following table,¹ shows the price of silver bullion for that period.

Years.	Value.	Years.	Value.	Years.	Value.	Years.	Value.
1837....	\$1.009	1840....	\$1.023	1843....	\$1.003	1846....	\$1.005
1838....	1.008	1841....	1.018	1844....	1.008	1847....	1.011
1839....	1.023	1842....	1.007	1845....	1.004	1848....	1.008

¹ Report of Director of Mint.

Years.	Value.	Years.	Value.	Years.	Value.	Years.	Value.
1849....	\$1.013	1862....	\$1.041	1875....	\$.964	1888....	\$ 727
1850....	1.018	1863....	1.040	1876....	.894	1889....	.723
1851....	1.034	1864....	1.040	1877....	.929	1890....	.809
1852....	1.025	1865....	1.035	1878....	.891	1891....	.764
1853....	1.042	1866....	1.036	1879....	.868	1892....	.673
1854....	1.042	1867....	1.027	1880....	.886	1893....	.603
1855....	1.039	1868....	1.025	1881....	.880	1894....	.491
1856....	1.039	1869....	1.024	1882....	.878	1895....	.505
1857....	1.046	1870....	1.027	1883....	.858	1896....	.522
1858....	1.039	1871....	1.025	1884....	.861	1897....	.467
1859....	1.052	1872....	1.022	1885....	.823	1898	
1860....	1.045	1873....	1.004	1886....	.769	(9 mos.)	.452
1861....	1.031	1874....	.988	1887....	.756		





CHAPTER IX

HISTORY OF THE ACT OF 1873

Revision of the Coinage Laws Desirable—Bill of Comptroller Knox—Circulated for the Purpose of Criticism—Letter of Secretary Boutwell—Bill Printed and Reported—General Debate on Bill—Vote on Same—Speech of Senator Stewart—Bill in the House—Debated in the House—Speech of Mr. Kelley—Speech of Mr. Hooker—Speech of Mr. Potter—Mr. Kelley Speaks Again—Amended in the Senate—Report of the Secretary of the Treasury—Dropping of the Silver Dollar by this Bill not a Surprise—Coinage Tables.

AS the mint and coinage laws of the United States had not been revised since 1837, and many of them had become obsolete, their revision was considered desirable. Accordingly in the latter part of 1869, Hon. John Jay Knox, at that time Deputy Comptroller of the Currency, and afterwards Comptroller, and a very able and scientific man, prepared a bill which it was hoped would meet the approval of Congress. The bill did not contain any provision for the coinage of the silver dollar of 412½ grains, but did provide for the coinage of a

silver dollar of the weight of 384 grains, being the equivalent in weight of two half-dollars. After the bill had been prepared, Mr. Knox sent a copy of it to a number of government officials, whose duties made them familiar with the mintage laws, and also to a large number of experts on coinage, residing in different portions of the country, including all the higher mint and coinage officers. A letter was also addressed to each of these persons soliciting an examination and criticism of the bill. It would seem that nothing could have been more fair and freer from secrecy and surreptitiousness than this course. Most, if not all the persons to whom a letter and a copy of the bill were sent, replied. On the 4th of June, 1870, the House of Representatives passed a resolution directing the Secretary of the Treasury to furnish the House with copies of this correspondence. In response to the resolution, the Secretary on the 25th of June following sent to the House a communication from Deputy Comptroller Knox and, "as far as practicable, copies of the correspondence called for." This correspondence was not, so far as I know, accessible to the general public until the publication of the report of the Director of the Mint for 1896, when it was pub-

lished as a part of that report under the title, "Documentary History of the Coinage Act of February 12, 1873." It will be evident to any one who reads this correspondence that a very large majority of those whose views and advice were asked, approved the provision in the bill which omitted the coinage of the silver dollar of 412½ grains, and favored the substitution of the dollar of 384 grains. After the answers to these letters had been received, another bill was prepared which omitted the coinage of any silver dollar whatever. This bill was sent to the same persons as the former one had been, and replies approving it were received in almost every instance. Comptroller Knox submitted the original bill to Hon. George S. Boutwell, Secretary of the Treasury, and at the same time addressed him a letter in which he fully explained the various changes made by the bill, and gave a brief history of the silver dollar, especially calling attention to the fact that the bill did not provide for its coinage. On this subject he said: "The coinage of the silver dollar piece, the history of which is here given, is discontinued in the proposed bill. It is by law the dollar unit, and, assuming the value of gold to be fifteen and one-half times that of

silver, being about the mean ratio for the past six years, is worth in gold a premium of about 3 per cent. (its value being \$1.0312) and intrinsically more than 7 per cent. premium in our other silver coins, its value thus being \$1.0742. The present laws consequently authorize both a gold dollar unit and a silver dollar unit, differing from each other in intrinsic value. The present gold dollar piece is made the dollar unit in the proposed bill, and the silver dollar is discontinued. If, however, such a coin is authorized, it should be issued only as a commercial dollar, not as a standard unit of account, and of the exact value of the Mexican dollar, which is the favorite for circulation in China and Japan and other oriental countries."

On the 25th of April, 1870, the Secretary addressed, with respect to the bill, a letter of which the following is a copy, to Hon. John Sherman, Chairman of the Committee on Coinage in the Senate:

"TREASURY DEPARTMENT, April 25, 1870.

"SIR:—I have the honor to transmit herewith a bill revising the laws relative to the mint, assay offices, and coinage of the United States, and accompanying report. The bill has been prepared

under the supervision of John Jay Knox, Deputy Comptroller of the Currency, and its passage is recommended in the form presented. It includes, in a condensed form, all the important legislation upon the coinage, not now obsolete, since the first mint was established in 1792; and the report gives a concise statement of the various amendments proposed to the existing laws and the necessity for the change recommended. There has been no revision of the laws pertaining to the mint and coinage since 1837, and it is believed that the passage of the enclosed bill will conduce greatly to the efficiency and economy of this important branch of the government service.

“ I am, very respectfully, your obedient servant,

“ GEO. S. BOUTWELL,

“ *Secretary of the Treasury.*”

On the 28th of April following, the bill and report were referred to the Finance Committee of the Senate, and on May 2, 1870, several hundred copies were ordered to be printed. The significance of the word “ report ” in this connection may not be appreciated by persons not familiar with Congressional proceedings, but its meaning is this: When a bill is

introduced in Congress, it is referred to a committee, the members of which examine it and print their conclusions concerning it. This is called the report of the committee on the bill. It is a history of the proposed measure and a statement of the reasons for the action of the committee in regard to it. It is always printed and accessible to each member of Congress. On December 19, 1870, the bill was reported from the Finance Committee of the Senate, with amendments. Afterwards it came before the Senate for consideration, and was debated for three days by Senators Sherman, Sumner, Bayard, Stewart of Nevada, Williams, Casserly, Morrill, and others, and on the 10th of January it passed the Senate by a vote of 36 yeas to 14 nays.

Senator Sherman says¹: "The bill was printed over and over again, finally reported and brought before the Senate. It was debated there for three days. Every Senator from the Pacific Coast spoke upon the measure. . . . The only yea and nay vote in the Senate on the passage of that bill occurred on the 10th of January, 1871. Those who voted in favor of the bill were Messrs. Bayard, Boreman, Brownlow, Casserly, Cole, Conkling, Corbett,

¹ *Recollections*, vol. i., p. 466.

Davis, Gilbert, Hamlin, Harlan, Jewett, Johnston, Kellogg, McCreary, Morton, Nye, Patterson, Pomerooy, Pool, Ramsey, Rice, Saulsbury, Spencer, Stewart, Stockton, Sumner, Thurman, Tipton, Trumbull, Vickers, Warner, Willey, Williams, Wilson, and Yates—36.”

Every one of the six members of the Pacific Coast, says Senator Sherman, voted for the bill after full debate.

Those voting against the bill were Abbott, Ames, Anthony, Buckingham, Carpenter, Chandler, Fenton, Hamilton, Harris, Howell, Morrill, Pratt, Scott, and Sherman—14.

Senator Stewart, of Nevada, on the 11th of February, 1874, as is shown by the *Congressional Record* of that day, in a speech upon this question, used the following language:

“ I want the standard gold, and no paper money not redeemable in gold; no paper money the value of which is not ascertained; no paper money that will organize a gold board to speculate in it.”

On the 20th of the same month in speaking on a similar question he used this language: “ By this process we shall come to a specie basis, and when the laboring man receives a dollar it will have the

purchasing power of a dollar, and he will not be called upon to do what is impossible for him or for the producing classes to do—figure upon the exchanges, figure upon the fluctuations, figure upon the gambling in New York; but he will know what his money is worth. Gold is the universal standard of the world; everybody knows what a dollar in gold is worth.”

After the bill was passed in the Senate it went back to the House on the 13th of January, 1871, and was ordered to be printed. On February 25th following, Hon. William D. Kelley, of Pennsylvania, who was chairman of the committee to which the bill had been referred, reported it back with an amendment. The bill was again printed and recommitted. On the 9th of March following, Mr. Kelley reported it in the Forty-second Congress, when it was again ordered printed. On January 9, 1872, the bill was reported by Mr. Kelley, with the recommendation that it pass. The bill was read, and debated at length by Messrs. Kelley, Potter, Garfield, Maynard, Dawes, Holman, and others.

On January 10, 1872, the bill, after considerable discussion, was again recommitted, and on February 9th following was again reported from the Coin-

age Committee, and on February 13th was again amended and made the special order for March 12, 1872, until disposed of.

On April 9, 1872, the bill came up for consideration in the House and was fully debated by a number of members. On May 27, 1872, the bill was again called up for the purpose of amendment, and, as amended, passed on that day by a vote of 110 yeas to 13 nays. Many of the members of Congress in their speeches directly called attention to the fact that the bill omitted the coinage of the silver dollar.

On January 9, 1872, Mr. Kelley, in opening the debate on the bill, said: "The Senate took up the bill and acted upon it during the last Congress and sent it to this House. It was referred to the Committee on Coinage, Weights, and Measures, and received as careful attention as I have ever known a committee to bestow upon any measure. . . . We proceeded with great deliberation to go over the bill, not only section by section, but line by line and word by word. The bill has not received the same elaborate consideration from the Committee on Coinage of this House, but the attention of each member was brought to it at the earliest day of this

session. Each member procured a copy of the bill, and there has been a thorough examination of the bill again."

On the 9th of April, Mr. Hooper, a member of the House from Massachusetts, discussed the bill at great length, his speech occupying ten columns of the *Congressional Globe*. On the subject of the reduction of the weight of the silver dollar, he said: "Section Sixteen re-enacts the provision of existing laws defining the silver coins and their weights respectively, except in relation to the silver dollar, which is reduced in weight from $412\frac{1}{2}$ to 384 grains; thus making it a subsidiary coin and in harmony with the silver coins of less denomination, to secure its concurrent circulation with them. The silver dollar of $412\frac{1}{2}$ grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and is melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of those manufacturers in this respect can be better met by supplying small stamped bars of the same standard, avoiding the useless expense of coining the dollar for that purpose."

On the same day Mr. Stoughton, another member of the House, in discussing the bill used this language: "The silver coins provided for are the dollar, 384 grains troy, the half-dollar, quarter-dollar, and dime, of the value and weight of one half, one fourth, and one tenth of the dollar respectively; and they are made a legal tender for all sums not exceeding five dollars at any one payment. The silver dollar, as now issued, is worth for bullion $3\frac{1}{4}$ cents more than the gold dollar and $7\frac{1}{4}$ cents more than two half-dollars. Having a greater intrinsic than nominal value, it is certain to be withdrawn from circulation whenever we return to specie payment and to be used only for manufacture and exportation as bullion."

Mr. Potter, in speaking on the bill, said:

"In the next place, this bill provides for the making of changes in the legal-tender coin of the country, and for substituting as legal-tender, coin of only one metal, instead as heretofore of two. I think myself this would be a wise provision, and that legal coins, except subsidiary coin, should be of gold alone; but why should we legislate on this now when we are not using either of those metals as a circulating medium? The bill provides also

for a change in respect to the weight and value of the silver dollar, which I think is a subject which, when we come to require legislation about it at all, will demand at our hands very serious consideration, and which, as we are not using such coins for circulation now, seems at this time to be an unnecessary subject about which to legislate."

Mr. Kelley, in again speaking upon the bill, used the following language: " I wish to ask the gentleman who has just spoken (Mr. Potter) if he knows of any government in the world which makes its subsidiary coinage of full values. The silver coin of England is ten per cent. below the value of gold coin. And acting under the advice of the experts of this country, and of England and France, Japan has made her silver coinage within the last year twelve per cent. below the value of gold coin, and for this reason: it is impossible to retain the double standard. The values of gold and silver continually fluctuate. You cannot determine this year what will be the relative values of gold and silver next year. They were fifteen to one a short time ago; they are sixteen to one now. Hence all experience has shown that you must have one standard coin, which shall be a legal tender for all others, and then you may

promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount, and be redeemable at its face value by your Government. But, sir, I again call the attention of the House to the fact that the gentlemen who oppose this bill insist upon maintaining a silver dollar worth three and one half cents more than the gold dollar, and worth seven cents more than two half-dollars, and that, so long as those provisions remain, you cannot keep silver coin in the country."

The bill went back to the Senate, and on May 29, 1872, was referred to the Finance Committee, and was reported back by Senator Sherman on December 16, 1872. On January 7, 1873, it was again reported back to the Senate with an amendment substituting the silver dollar of 420 grains for that of 384 grains and printed for the information of the Senate. It finally passed the Senate on January 17, 1873, after a debate which covers nineteen columns of the *Congressional Globe*. Time and again Senators called attention to the fact that the bill omitted the coinage of the silver dollar.

On the 21st of January, 1873, the bill went back to the House, and was again printed with the

amendments. A Committee of Conference was then appointed between the House and Senate, and the report of the committee was agreed to, and the bill passed and became a law on February 12, 1873, substantially as it was originally prepared by Deputy Comptroller Knox. The bill was pending in Congress for nearly three years.

Senator Sherman, in his *Recollections*, says :
“ There never was a bill proposed in the Congress of the United States which was so publicly and openly presented and agitated. I know of no bill in my experience which was printed, as this was, thirteen times, in order to invite attention to it.”

The Secretary of the Treasury, in his report for 1870, 1871, and 1872, called the especial attention of Congress to this bill. Among other things in his report for 1872, he said: “ In renewing the recommendations heretofore made for the passage of the mint bill, I suggest such alterations as will prohibit the coinage of silver for circulation in this country but that authority be given for the coinage of a silver dollar which shall be as valuable as the Mexican dollar and be furnished at its actual cost.”

It is probable that few bills were ever introduced

in Congress which were more thoroughly discussed than this one.

The attempt to drop the silver dollar from our list of coins could not have been a surprise to the Senate, for five years before Senator Sherman introduced a bill in that body which had for its object the reorganization of our coinage system, and which expressly provided in the second section that "the coinage of silver pieces of one dollar, five cents, and three cents shall be discontinued."¹ This important fact ought to have gone far towards relieving the bill from the odium of any suspicious influences being exerted in its favor. There was no secret about what Mr. Sherman's bill, introduced in 1868, sought to accomplish, and certainly there could have been none about this one.

From the following tables can be seen the weight of the gold coins under the Acts of 1834 and 1873, and of the silver coins under the Acts of 1853 and 1873.

GOLD COINS

ACT OF 1834

Eagle.....	232 gr. pure...	258 gr. standard
Half-eagle.....	116 " "	129 " "
Quarter-eagle.....	58 " "	64½ " "

¹ Russell's *International Monetary Conferences*, 94.

ACT OF 1873

Dollar.....	23.22	gr. pure....	$25\frac{5}{16}$	gr. standard
Quarter-eagle.....	58.	" "	$64\frac{1}{2}$	" "
Three-dollar piece	69.66	" "	$77\frac{4}{10}$	" "
Half-eagle.....	116.	" "	129	" "
Eagle.....	232.	" "	258	" "
Double-eagle.....	$464\frac{4}{10}$	" "	516	" "

SILVER COINS

ACT OF 1853

Dollar.....	$37\frac{1}{4}$	gr. pure....	$412\frac{1}{2}$	gr. standard
Half-dollar.....	$185\frac{10}{16}$	" "	192	" "
Quarter-dollar.....	$92\frac{5}{8}$	" "	96	" "
Dime.....	$37\frac{9}{16}$	" "	$38\frac{3}{4}$	" "
Half-dime.....	$18\frac{9}{16}$	" "	$19\frac{3}{16}$	" "

ACT OF 1873

Trade dollar.....	378.	gr. pure....	420.	gr. standard
Half-dollar.....	173.61	" "	192.9	" "
Quarter-dollar.....	86.805	" "	96.45	" "
Dime.....	34.58	" "	38.58	" "

NOTE.—For the full correspondence of Comptroller Knox concerning the act of 1873 and the omission of the silver dollar therefrom, see *Sen. Misc. Doc. No. 132*, 2d Ses., 41st Cong., and *H. R. Exec. Doc. No. 307*, 2d Ses., 41st Cong., p. 70; also *Report of the Director of the Mint for 1896*.



CHAPTER X

ACT OF JANUARY 14, 1875

Known as the Resumption Act—Issue of Fractional Paper Currency
—Issue of Fractional Silver Coins—Meaning of the Term “Coin”
—No Complaint that the Government did not Take Highest
Moral Ground—Duty of a Sovereignty.

WHEN the small silver coins disappeared from circulation, which was about 1862, fractional paper currency was issued in denominations corresponding with such coins, and continued in circulation for a number of years. By the Acts of January 14, 1875, and April 17, 1876, Congress authorized the issuance by the Secretary of the Treasury of silver coins of fractional denominations and of standard value with which to redeem an equal amount of such fractional paper currency. The issue was limited to \$50,000,000, and the largest amount which was in circulation at any time was \$49,102,660.27. According to a recent statement of the Secretary of the Treasury there is still outstanding \$15,263,636.-

14, of which amount \$8,375,934 are supposed to have been destroyed.¹

The Act of January 14, 1875, was one of the most important passed by Congress relating to the subject of coinage. It has been the cause of extended debate in Congress and continued agitation in the public press, and has caused more honest men to honestly differ in their opinions about what could be done under it than any law of recent years. Among other things the act provided that "On and after the 1st day of January, 1879, the Secretary of the Treasury shall redeem, in coin, the United States legal-tender notes then outstanding, on their presentation for redemption at the office of the Assistant Treasurer of the United States" and "to enable the Secretary of the Treasury to prepare and provide for the redemption, in this act authorized or required, he is authorized . . . to issue, sell, and dispose of, at not less than par, in coin" certain bonds of the United States, which had theretofore been issued by the government. It has been claimed, and still is claimed, by many, that as the law permits the bonds to be paid in coin, it would be no injustice to the holders of them to pay them

¹ Treasury Circular No. 143, p. 16.

in silver. Primarily this view is not open to harsh criticism, and it certainly has many strong advocates. But the mere statement of what the law provides does not cover the whole case, and an examination of all the facts and circumstances will disclose that difficult questions enter into the controversy. It is a fundamental rule in the construction of contracts, that the courts, to ascertain the intention of the parties, will place themselves in the position the contracting parties were in when the contract was made. The same rule applies in the interpretation of a statute, and the intention of the law-making power will be carried out if it can be ascertained with reasonable certainty. It is true, the act in question provides that the bonds shall be paid in coin, and it is also true that coin ordinarily means gold or silver. But what did Congress mean by the word coin when it put it in the act under consideration? To determine this we must understand the situation when the act was passed. At that time gold was the only coin in circulation in the United States and had been for many years. The silver dollar had not only ceased to circulate in this country, but the Act of 1873—passed two years before the act in question—made

no provision for its coinage by the Government. Under such circumstances, it is argued, it could not have been in the contemplation of Congress that if these bonds were bought at home they would be paid in silver. Nor could Congress have supposed that foreign purchasers would pay for them in silver, because gold was the standard money in foreign countries at that time. The truth is—and it is a powerful fact in the discussion—that every bond which the Government sold under this act was paid for in gold. But by the time these bonds matured, silver had come into use again as money in the United States, and was a legal tender under the act of 1878 for all debts, public and private, and demand was made that the bonds be paid in silver under the language of the law. What was the Secretary of the Treasury to do? Should he ignore the fact that the Government had received gold when it sold the bonds, and should the Government give back to the purchasers of the bonds less purchasing power than it received, as would be the case if it paid the bonds in silver? Again, would it not suggest a want of good faith on the part of the Government, and give a moral taint to the transaction, if it compelled the purchasers to take less for their bonds

than they had a reasonable right to expect they would get for them at their maturity ?

It is said, however, that this is a mere ethical view of the question and that the whole transaction should be conducted on business principles, without at all entering the domain of moral philosophy ; but governments are like individuals, and when they violate the principles of good faith, they fall in the estimation of mankind and suffer proportionately in damage to their character. Our nation has just been successful in a great foreign war. One advantage we had over our antagonist was that we sold our bonds in the market at the most favorable rates of interest, and in this way secured money for the prosecution of the war. Does any one suppose that if we had heretofore shown a disposition to do other than what the best good faith called for, our national credit would stand as high and serve us as well as it did in this national crisis ? It is the confidence the world has in us that gives us the advantage in financial centres, and it was fair dealing and the maintenance of the utmost good faith that won us the world's confidence.

The objection to paying the bonds in gold has been that it works an injury to all who are not

bondholders. The answer to this is, that when the bondholder purchased his bond he paid gold for it, and years afterwards when gold and silver were each in circulation, but of different values, the Government should not pay this bond in the cheaper of the two coins. Can it reasonably be said (the bondholder asks) in the range of any fair rule of interpretation, that it was in the mind of the purchaser of the bond, or of the Government, that at the end of ten, or twenty, or thirty years the Government would redeem this bond in a depreciated coin, which was not in existence at the time the original transaction took place? In paying its bonds in gold—the more valuable money—the United States adopted a rule which is the exact reverse of that which governs individuals when they have the option of deciding which money they will pay in, for in such cases the individual debtor always pays in the less valuable money and retains the more valuable. But no sovereignty should take any advantage of its citizens, not even in cases where its citizens would take advantage of each other. Custom, trade, commerce, the rules of society, the people, all will overlook and excuse conduct in individuals when dealing with each other, which they would not over-

look or excuse in a Government when dealing with its subjects. The nearer to perfect justice a sovereignty approaches when dealing with its citizens, the more faithful will be their allegiance to it and the greater the influence of its example.

Whatever the advocates of each of these theories claim, and whoever may be right, it should be consoling to the conscience of the American people that, in all the discussions of this vexed question, no complaint has been made that the Government had not taken the highest moral ground, and to many it is a pleasure to know that the strong men who have stood at the head of the Treasury Department since the Act of 1875 was passed, have uniformly taken the position that it was the duty of the Government under all the circumstances to redeem the bonds issued under this act in gold, and this conduct has so far met the approval of most of the American people.

NOTE.—Professor Laughlin states the principle for which I have contended, most admirably, in his *History of Bimetallism in the United States*, p. 70. He says: "The highest justice is rendered by the state when it exacts from the debtor at the end of a contract the *same purchasing power* which the creditor gave him at the beginning of the contract, no less, no more."



CHAPTER XI

ACT OF 1878

Known as Bland-Allison Act—Provisions of the Act—Favored Free Coinage as it Passed the House—Sentiment Back of the Bill—Amended in Senate—Amendment Accepted by Free Silver Men as a Compromise—Vetoed by President Hayes—Reasons Assigned for the Veto—Passed over President's Veto—Table of Purchases and Dollars Coined under the Act—Decline in Price of Bullion—Doubtful if the Act Benefited Silver.

THE next important act in the history of our coinage laws was passed February 28, 1878, and is known as the "Bland-Allison Act." It is so called because it was introduced or championed in the House of Representatives by Mr. Bland, and amended in the Senate by Senator Allison. It provided:

"That there shall be coined, at the several mints of the United States, silver dollars of the weight of four hundred and twelve and a half grains troy of standard silver, as provided in the Act of January 18, 1837, . . . which coins, together with all

silver dollars heretofore coined by the United States, of like weight and fineness, shall be a legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract."

As a means of providing the bullion from which said coins could be struck the act further provided:

"That the Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than two million dollars' worth per month, nor more than four million dollars' worth per month, and cause the same to be coined monthly, as fast as so purchased, into such dollars."

The act also appropriated a sum from the Treasury sufficient to enable the Secretary of the Treasury to purchase the bullion required to carry on its provisions, and also said: ". . . that the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed five million dollars." Section Three of the act contained a provision "that any holder of the coin authorized by this act may deposit the same with the Treasurer or any Assistant Treasurer of the United States, in sums not less than ten dollars,

and receive therefor certificates of not less than ten dollars each, corresponding with the denominations of the United States notes. The coin deposited for or representing the certificates shall be retained in the Treasury for the payment of the same on demand. Such certificates shall be receivable for customs, taxes, and all public dues, and, when so received, shall be reissued."

The act directed that immediately after its passage the President of the United States should invite the countries composing the Latin Union and such other European nations as he might deem advisable, "to join the United States in a conference to adopt a common ratio between gold and silver, for the purpose of establishing internationally the use of bi-metallic money, and securing fixity of relative value between those metals." This was the first declaration of Congress in favor of an international monetary conference, and in pursuance of the authority conferred upon him by this act, the President of the United States called a conference of the nations, which met in the city of Paris, on the 10th of August, 1878. The countries represented at the conference were Austria-Hungary, Belgium, France, Great Britain, Greece, Italy, Netherlands, Russia,

Sweden and Norway, Switzerland, and the United States. As Commissioners to represent the United States at the conference, the President appointed Hon. Reuben E. Fenton, Hon. W. S. Groesbeck, and Hon. Francis A. Walker. Mr. S. D. Horton was Secretary to our Commissioners, and because of his high standing as an author on monetary subjects, was permitted by the conference to take part in its proceedings. The discussion was generally participated in by the delegates, and although they were unable to agree upon a ratio at which the two metals should be coined internationally, the conference was one of the most important ever held relative to the subject of coinage and the establishment of a ratio between the metals.

The bill as it passed the House of Representatives favored the free coinage of silver at the ratio of 16 to 1, though the market ratio was greater.

The sentiment which caused the House to pass this bill was the reflection of a feeling which had developed—especially in the Western States—by reason of the hard times incident to the depressing years of the early seventies, and the further feeling produced by the rapid decline in the value of silver bullion. The provision for the monthly purchase

of not less than two, nor more than four million dollars' worth of bullion was an amendment offered in the Senate by Mr. Allison. It was not satisfactory or agreeable to the House, but was finally accepted as a temporary compromise, as was supposed by the advocates of free silver.

Under this act there were coined \$378,166,793. Of this amount it is estimated that \$57,000,000 actually circulated as money. The remaining \$321,166,793 were deposited by the holders thereof with the government according to the terms of the act, and silver certificates issued in their place.

The provision that any person might deposit ten or more silver dollars with the Treasurer, or any Assistant Treasury, and receive a like amount of certificates largely removed the objection which existed against the use of silver by reason of its weight. It afforded a convenient and desirable form of money, and as the certificates were receivable for taxes and all public dues, including customs dues, it greatly aided in maintaining the silver dollar on a parity with gold.

But it was singular that the certificates which the Secretary of the Treasury was authorized to issue under the act, and which are known as silver certifi-

cates, were not legal tenders, though they were receivable for customs, taxes, and all public dues, and were based upon silver dollars held in the Treasury to redeem them with, which were legal tenders. But such was the law.

So convenient were these certificates found to be that a subsequent Act of Congress (August 4, 1886) authorized the Secretary of the Treasury to issue them in denominations of one, two, and five dollars, and provided that they should be received, redeemed, and paid, precisely as the certificates issued under the Act of 1878.

The bill was vetoed by President Hayes, who in his vetoing message said, in part, as follows:

“ The bill provides for the coinage of silver dollars of the weight of $412\frac{1}{2}$ grains each, of standard silver, to be a legal tender at their nominal value for all debts and dues, public and private, except where otherwise stipulated in the contract. It is well known that the market value of that number of grains of standard silver during the past year has been from ninety to ninety-two cents as compared with the standard gold dollar. Thus the silver dollar authorized by this bill is worth eight to ten per cent. less than it purports to be worth, and is made a legal

tender for debts contracted when the law did not recognize such coins as lawful money. . . . One billion, one hundred and forty-three million, four hundred and ninety-three thousand, four hundred dollars of the bonded debt now outstanding was issued prior to February, 1873, when the silver dollar was unknown in circulation in this country, and was only a convenient form of silver bullion for exportation; \$583,440,350 of the funded debt has been issued since February, 1873, and gold alone was the coin for which the bonds were sold, and gold alone was the coin in which both parties to the contract understood that the bonds would be paid. These bonds entered into the markets of the world. They were paid for in gold, when silver had greatly depreciated and when no one would have bought them if it had been understood that they would be paid in silver. The sum of \$225,000,000 of these bonds has been sold during my administration for gold coin, and the United States received the benefit of these sales by a reduction of the rate of interest to four per cent. During the progress of these sales a doubt was suggested as to the coin in which payment of these bonds would be made. The public announcement was thereupon authorized that

it was ' not to be anticipated that any future legislation of Congress or any action of any department of the government would sanction or tolerate the redemption of the principal of these bonds, or the payment of the interest thereon, in coin of less value than the coin authorized by law at the time of the issue of the bonds, being the coin exacted by the Government in exchange for the same.'

“ In view of these facts it will be justly regarded as a grave breach of the public faith to undertake to pay these bonds, principal or interest, in silver coin worth in the market less than the coin received for them. . . . The capital defect of the bill is that it contains no provision protecting from its operation pre-existing debts in case the coinage which it creates shall continue to be of less value than that which was the sole legal tender when they were contracted. If it is now proposed for the purpose of taking advantage of the depreciation of silver in the payment of debts, to coin and make a legal tender a silver dollar of less commercial value than any dollar, whether of gold or paper, which is now lawful money in this country, such measure, it will hardly be questioned, will, in the judgment of mankind, be an act of bad faith. As to all debts heretofore con-

tracted, the silver dollar should be made a legal tender only at its market value. The standard of value should not be changed without the consent of both parties to the contract. National promises should be kept with unflinching fidelity. There is no power to compel a nation to pay its debts. Its credit depends on its honor. The nation owes what it has led or allowed its creditors to expect. . . . A currency worth less than it purports to be worth will in the end defraud not only creditors, but all who are engaged in legitimate business, and none more surely than those who are dependent on their daily labor for their daily bread."

Notwithstanding the cogency of the reasons assigned by the President for vetoing the bill, a motion to pass it over his veto was sustained by a vote of 46 yeas to 19 nays in the Senate, and in the House by a vote of 196 yeas to 73 nays.

Under the direction of this act the Secretary of the Treasury began to purchase large quantities of silver bullion. As the language of the act named only the maximum and minimum amounts to be purchased, a wide discretion was left to the Secretary, and no one of them ever chose to purchase the maximum quantity named in the act.

The total and annual number of fine ounces of silver purchased, with the annual and total cost thereof, together with the average price per ounce, and the annual and total number of silver dollars coined under this act, as shown by the books in the Treasury Department, are reproduced in the following table:

YEAR.	Number of Fine Ounces.	Cost.	Price per Ounce.	Number of Dollars Coined.
1878.....	10,809,350.58	\$ 13,023,268.96	\$1.2048	\$ 8,573,500
1879.....	19,248,086.09	21,593,642.99	1.1218	27,227,500
1880.....	22,057,862.64	25,235,081.53	1.1440	27,933,750
1881.....	19,709,227.11	22,327,874.75	1.1328	27,637,955
1882.....	21,190,200.87	24,054,480.47	1.1351	27,772,075
1883.....	22,889,241.24	25,577,327.58	1.1174	28,111,119
1884.....	21,922,951.52	24,378,383.91	1.1120	28,099,930
1885.....	21,791,171.61	23,747,460.25	1.0897	28,528,552
1886.....	22,690,652.94	23,448,960.01	1.0334	29,834,905
1887.....	26,490,008.04	25,988,620.46	.9810	33,266,831
1888.....	25,386,125.32	24,237,553.20	.9547	32,718,673
1889.....	26,468,861.03	24,717,853.81	.9338	33,793,860
1890.....	27,820,900.05	26,899,326.33	.9668	35,923,816
1891.....	2,797,379.52	3,049,426.46	1.0901	8,740,327
Total ...	291,272,018.56	\$308,279,260.71	\$1.0583	\$378,166,793

Although this act furnished a constant market for large quantities of silver bullion for a period of twelve years, the price steadily declined during that time, and it is doubtful if such a course was beneficial

to the cause of silver, for the reason that other countries construed our conduct as an attempt to confer upon silver a value by legislation which it did not possess and was not fairly entitled to. This produced a feeling of unfriendliness towards silver in foreign countries which operated against it and no doubt injuriously affected its price. Nothing could more clearly show the futility of trying to maintain the price of silver bullion by legislative enactment than our experience under this law. Again it was most clearly demonstrated that the law of the statute cannot prevail against the law of commerce.





CHAPTER XII

ACT OF 1890

Analysis of its Provisions—Discretion of the Secretary of the Treasury—Declared it the Policy of the Government to Maintain the Parity of the Metals—Repealed Purchasing Clause of Act of 1878—This Act and that of 1878 Compromises—Purchases of Bullion Under this Act and that of 1878—Cost of Same—Loss to the Government—Provisions of the Bill as Originally Introduced in the House—Based upon the Recommendations of the Secretary of the Treasury—Bill as Introduced Originally in the Senate—Senate Amendments—Appointment of Conferees—Speech of Mr. Conger—Long and Bitter Debate—Speech of Mr. Bland—Vote Adopting Conference Report—Table of Purchases and Coinage under the Bill.

IMPRESSED by the disturbed condition of the country and by the continued agitation of the money question, and in the hope that it would bring relief and restore confidence to the nation, Congress on the 14th of July, 1890, passed what has since been known as "The Sherman Purchasing Act." It was so important and so generally attracted the attention of the country, that I insert a rather full analysis of it.

(1) It directed the Secretary of the Treasury to purchase silver bullion to the amount of 4,500,000 ounces, or so much thereof as might be offered, each month, at the market price thereof, not however exceeding one dollar for $371\frac{25}{100}$ grains of pure silver. (2) To issue Treasury notes of the United States in denominations of not less than one dollar or more than one thousand dollars in payment for said bullion. (3) The Treasury notes so issued to be redeemable on demand, in coin. (4) Such notes to be a legal tender in payment of all debts, public and private, except when otherwise expressly stipulated in the contract, and to be receivable for customs, taxes, and all public dues, and to be reissued when so received. (5) Upon the demand of the holder of any of the Treasury notes, the Secretary of the Treasury should redeem the same in gold or silver coin, at his discretion. (6) It declared it to be the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law. (7) It directed the Secretary of the Treasury to coin 2,000,000 ounces each month of the bullion purchased under the act into standard silver dollars, until the 1st day of July, 1891. (8) After

July 1, 1891, the Secretary was directed to coin enough of the bullion purchased under the act, to redeem said Treasury notes. (9) It repealed that part of the Act of February 28, 1878, requiring the purchase and coinage of silver bullion.

The provision that when any holder of Treasury notes should demand their redemption, the Secretary of the Treasury should have the "discretion" to name the coin in which the notes should be redeemed, was the first time the law conferred such authority in express terms upon the fiscal agent of the Government. The Secretaries of the Treasury had assumed the right of naming the coin in which they would pay the bonds, but no previous act of Congress had directly given them the right to do so, and it would seem that Congress intended this provision should be a legislative approval of the course theretofore pursued by the Secretaries. Another important provision of the act declared it to be "the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law." This declaration produced a wholesome effect on the country, but the general influence of the act was not satisfactory.

This act and the Act of 1878 were compromises between the sentiment in the Senate and that in the House; but the situation had changed since the Act of 1878 was passed. Then the free silver sentiment was dominant in the House, and the Senate was the conservative body and through a conference secured the Allison amendment to the Bland bill. But by 1890 the silver sentiment in the Senate and House had changed, and the Senate passed a bill favoring free coinage of silver,¹ while the House had become the conservative body, and through another conference secured the passage of the Act of 1890.

The aggregate amount of silver dollars, silver certificates, and Treasury notes issued under these acts (1878 and 1890) was \$570,166,793.

The bullion coined under the Act of 1878 cost \$308,279,261. At the present price it would cost \$186,207,289. The difference of \$122,610,972 represents what the Government has lost by the purchase of bullion under this act by reason of the decline in the price of bullion since 1878. That purchased under the Act of July 14, 1890, cost

¹ The Senate engrafted upon it the principle of free coinage, changing the character of the House bill.—Speech of Senator Sherman, *Congressional Record*, 1890, p. 7607.

\$155,981,002. At the present price it would cost not to exceed \$107,832,037, leaving a difference of \$48,980,965, which represents the loss to the government by reason of the decline in the bullion value of silver since the Act of 1890, making a total loss to the Government in the difference between the bullion value of silver now and at the time the purchases were made under these acts, of \$171,420,937.

The bill which resulted in the Act of 1890, as originally introduced in the House by Mr. Conger, provided that any owner of silver bullion, the product of the mines of the United States, or of ore smelted or refined in the United States, might deposit the same at any mint or assay office in the United States designated by the Secretary of the Treasury, and receive therefor Treasury notes equal at the time of deposit to the value of such silver bullion at the market price, such price to be determined by the Secretary of the Treasury, based upon the price current in the leading silver markets of the world; but no deposit consisting in whole or in part of silver bullion of foreign silver coins imported into this country, or bars resulting from melted or refined silver coins, should be received; and that the Secretary of the Treasury

should issue Treasury notes in such amounts as the purpose of the above section required; that said notes should be receivable for customs, taxes, and all public dues, and when received in the Treasury might be reissued; said notes when issued under the provisions of this act should be redeemed upon demand at the Treasury of the United States, or at the office of any assistant treasurer of the United States, by issuing a certificate of deposit, equal to the amount of the notes deposited, which should be payable in silver bullion equal in value to the amount the certificate called for, or such notes should be redeemed in gold at the option of the Government, provided that if any holder of said notes demanded it, they should be redeemed in silver; that the Secretary of the Treasury should refuse to receive deposits of silver bullion under this act when the market price therefor exceeded one dollar for $371\frac{1}{4}$ grains of pure silver.

The act repealed the purchasing clause of the Act of February 28, 1878. Nothing in the act was to prevent the purchase of silver bullion for subsidiary silver coins.

The bill was based upon the recommendations made by the Secretary of the Treasury in his report

for 1889, and in his first remarks on the bill Mr. Conger was frank enough to state to the House that the Secretary had prepared the bill. In his report for the year referred to, Secretary Windom dwelt at great length upon the subject of silver, setting forth the evils of free coinage, discussing the cause of the decline in silver, and announcing that the use of both metals was desirable and should be continued. The question which the Secretary more particularly dealt with was how to accomplish this. After reviewing the various plans which had been suggested he formulated a theory which became the basis of Mr. Conger's bill. The plan did not propose the free and unlimited coinage of silver dollars, but did propose the free and unlimited deposit of silver bullion in the Treasury and issuing Treasury notes based upon said deposits. Other striking features of this rather novel plan were incorporated in the bill as it was originally introduced in the House.

The bill as originally introduced in the Senate provided that the Secretary of the Treasury was directed to purchase silver bullion to the aggregate amount of \$4,500,000 each month at the market price thereof, not exceeding one dollar for

371 $\frac{1}{4}$ grains of pure silver; and to issue Treasury notes in payment therefor; that said notes should be redeemable on demand and be receivable for customs, taxes, and public dues, and when so received might be reissued; that the Secretary of the Treasury should coin such portion of the silver bullion purchased under the provisions of the act as might be necessary to provide for the redemption of the Treasury notes issued under it; and provided for the repeal of the purchasing clause of the Act of February 28, 1878.

Certain amendments were offered in the Senate, the important features of which were: " That the unit of value in the United States should be the dollar, the same to be coined at four hundred and twelve and one half grains of standard silver, or twenty-five and eight tenths grains of standard gold; and the said coins should be legal tender for all debts, public and private, and that any owner of silver or gold bullion might deposit the same at any mint of the United States to be formed into standard dollars or bars for his benefit and without charge; but it should be lawful to refuse any deposit of less value than one hundred dollars, or any bullion so base as to be unsuitable for the operations of the

mint"; the provisions of Section Three of the Act of February 28, 1878, should be made applicable to this act; the certificates provided for in the second section of the act should be of denominations of not less than one, nor more than one hundred dollars, and redeemable in coin of standard value; the certificates provided for in the act, as well as all silver and gold certificates already issued, should be receivable for all taxes and dues to the United States, and should be a legal tender for the payment of all debts, public and private; persons depositing bullion for coinage should have the option to receive coin or its equivalent in the certificates provided for in the act.

The bill as amended then passed the Senate. It then went back to the House and was again debated. Mr. Bland then moved to concur in the Senate amendments. A separate vote was demanded on the amendments by Mr. Springer. The vote to concur in the first Senate amendment resulted, yeas 135, nays 152. No separate vote being asked on the other amendments, Mr. Conger moved that a conference be asked by the House on the bill and amendments.¹

¹ *Congressional Record*, vol. xxi., pp. 6503-4.

This was agreed to, and Mr. Conger, Mr. Walker, and Mr. Bland were appointed conferees for the House. In the Senate the conferees were Mr. Sherman, Mr. Jones, and Mr. Harris. The conferees agreed upon a bill and reported it to the Senate and House, but Mr. Bland of the House and Mr. Harris of the Senate declined to sign the report.

The conference report was the cause of an extended and acrimonious debate in both House and Senate. The whole subject of the coinage of silver and its relation to gold was gone over; especially is this true of the debate in the Senate. The report was wholly unsatisfactory to those Senators and Representatives who held radically opposing views on the question of coinage.

In speaking upon the question of substituting the purchase of so many ounces for so many dollars' worth of bullion, Mr. Conger, who made the conference report to the House, said:

“ In changing the measure of the amount from dollars to ounces we do not prescribe the exact amount that is to be purchased each month. When we say dollars' worth, no matter whether silver goes up or goes down, the currency is increased just that much and no more. By the other plan of purchas-

ing so many ounces, if silver goes down the circulation is decreased, while if it goes up the amount of Treasury notes issued is increased. By adding the words, 'or so much thereof as may be offered in each month,' we do not, in the judgment of the majority of the conferees of both Houses, change the amount that will be purchased and Treasury notes issued therefor, but we do take away the possibility of a 'corner' or of a speculation on the part of the bullion owners, and give the Secretary of the Treasury some opportunity to defend himself and the Treasury against the sharks who might attempt at the end of each month to force him to purchase at a fabulous price the amount directed by law."¹

The conference report modified the legal-tender clause of the bill as it came from the House by adding the words, "except where otherwise stipulated in the contract."

Another change was that the report struck out that part of the House bill which provided for the exchange of silver bullion for the Treasury notes at the discretion of the Secretary of the Treasury when demanded by the holder thereof, and inserted that on "demand of the holder of Treasury notes the

¹ *Congressional Record*, vol. xxi., p. 7190.

Secretary of the Treasury should redeem such notes in gold or silver coin at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as might be provided by law." The Treasury notes issued under this act were a legal tender, and in that respect unlike the silver certificates issued under the Act of 1878.

The only other change which the report made was to omit that part of the House bill which provided for the conditional free coinage of silver.

In the House Mr. Bland used the following strong language in speaking against the report:

"The whole bill is intended to postpone free coinage at the ratio of 16 to 1. The whole bill is in the interest of the gold standard. The whole bill is the murderer of silver."

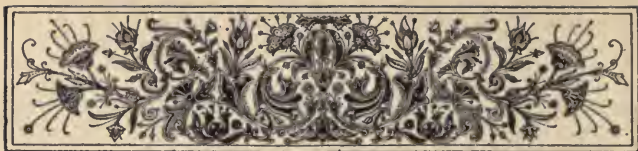
The report of the conferees was adopted by a vote of 31 yeas to 26 nays in the Senate, and in the House by 122 yeas to 90 nays.¹

The following table shows the purchases of silver bullion under this act by ounces, the cost of the same, the Treasury notes issued, and the silver dollars coined from said bullion.

¹ *Congressional Record*, vol. xxi., p. 7226.

FISCAL YEAR, JULY 1.	Amount of Silver Purchased. Fine Ounces.	Cost.	Treasury Notes Issued.	Silver Dollars Coined from Bullion of Act of 1890.
1891...	48,393,113.05	\$ 50,577,498.44	\$ 50,577,498	\$27,292,475
1892...	54,355,748.10	51,106,607.96	51,106,608	3,450,995
1893...	54,008,162.60	45,531,374.53	45,531,375	5,343,715
1894...	11,917,658.78	8,715,521.32	8,715,521	758
1895...	.....	.....	.....	3,956,011
1896...	.....	.....	.....	7,500,822
1897...	.....	.....	.....	21,203,701
1898...	.....	.....	.....	10,002,780
Total.	168,674,682.53	\$155,931,002.25	\$155,931,002	\$78,751,257





CHAPTER XIII

ACT OF NOVEMBER 1, 1893

Repealed the Purchasing Clause of the Act of 1890—Declared the Policy of the United States Concerning Gold and Silver—History of the Act—Another Compromise—Serious Condition of the Country—President Convened Congress in Extra Session—Extract from President's Message—Debate on Bill—Bill Introduced by Mr. Wilson—Mr. Bland's Resolution—Mr. Bland's Bill—Amendments Offered by Mr. Bland—Vote on Same—Vote on Bill—Amended in Senate—Vote on Senate Amended Bill—Amendment Offered in the House by Mr. Bland—Votes in the House—Act of March 3, 1891—Act of 1898.

ON November 1, 1893, Congress repealed the purchasing clause of the Act of July 14, 1890. After the repealing clause the act declares it to be the "policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins

of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts"; and further declared "that the efforts of the Government shall be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts."

It further declared it to be the purpose of this Government to secure such equality between the metals by international agreement, or if that could not be brought about, then by such appropriate legislation as would accomplish the same purpose, and confer upon every dollar equal power at all times in "the markets" and in "the payment of debts," and to this purpose and the establishment of a system of bimetallism, the act declared the efforts of the Government should be "steadily directed."

The history of this short act forms one of the most interesting chapters in the financial legislation of our country. Like the Acts of 1878 and 1890, it was a compromise between the advocates of free silver and those who favored the gold theory. After a few years' experience under the Act of 1890 the

monetary condition of the country not only excited general distrust but positive alarm. That confidence, security, and prosperity which all hoped, and many asserted, would surely come, seemed doomed to indefinite postponement, and from the hamlets to the money centres of the nation there prevailed anxiety and distress and fear of financial disaster. So serious was the trouble that President Cleveland, in the hope that some relief might be found in legislation, convened Congress in extra session on the 8th of August, 1893. After describing the financial situation of the country, in his message to Congress the President said:

“ I believe these things are principally chargeable to Congressional legislation touching the purchase and coinage of silver by the General Government. This legislation is embodied in a statute passed on the 14th day of July, 1890, which was the culmination of much agitation on the subject involved, and which may be considered a truce, after a long struggle, between the advocates of silver coinage and those who intend to be more conservative.”

The extra session of Congress lasted four months, during which time no legislation of importance was passed, except that relating to the Act of 1890. The

debate which was had on the bill introduced at the beginning of the session was the most remarkable in many respects which ever occurred in Congress, and certainly the most remarkable which ever occurred in that body on the money question. The result was that the bill which passed, while it accomplished the object sought,—the repeal of the purchasing clause of the Act of 1890,—like the Act of 1878, did not satisfy either faction. Each felt that it had not secured all that it wanted.

The bill to repeal the Act of July 14, 1890, was introduced into the House by Mr. Wilson, Chairman of the Committee on Ways and Means, on the 11th of August, 1893. It provided for the repeal of so much of that act as directed the Secretary of the Treasury to purchase 4,500,000 ounces, etc., of silver, and also provided that the repeal “should not impair or in any manner affect the legal-tender quality of the standard silver dollars heretofore coined, and pledged the faith and credit of the United States to maintain the parity of the standard gold and silver coins at the present legal ratio or such ratio as might be established by law.”¹

Mr. Bland offered a resolution governing the

¹ *Congressional Record*, vol. xxv., p. 241.

mode of proceeding while the bill was under consideration in the House.¹ This resolution shows the importance which the silver men in the House attached to this bill. It provided that the bill should be considered for fourteen days, and that during such time night sessions might be held for debate only. The daily sessions were to commence at 11 A.M. and continue until 5 P.M. Eleven days were to be given to general debate on the bill and three days allotted to debate on the bill and the amendments under the five-minute rule of the House. It was provided that a vote should be taken on an amendment providing for the then present ratio of coinage; if that should fail a vote should be taken on an amendment for coinage at the ratio of 17 to 1; if that failed another vote should be taken on an amendment at the ratio of 18 to 1; if that failed a ratio of 19 to 1 should be voted on; if that failed the vote should be on the ratio of 20 to 1; and if all the amendments failed it should be in order to offer an amendment reviving the Act of the 28th of February, 1878.

Mr. Bland then offered a bill providing that all holders of silver bullion to the amount of one hun-

¹ *Congressional Record*, vol. xxv., p. 242.

dred dollars or more, of standard weight and fineness, should be entitled to have the same coined into silver dollars; that the dollar should consist of $412\frac{1}{2}$ grains of standard silver and should be a legal tender for all debts, dues, and demands, public and private; that the holder of the silver dollars should be entitled to deposit the same and receive silver certificates therefor; and that so much of the Act of July 14, 1890, as required the monthly purchase of 4,500,000 ounces of silver be repealed.¹

On the 28th of August, after the expiration of the general debate on the bill, Mr. Bland offered an amendment similar to the one he had previously offered, excepting that the holders of bullion were required to have only fifty dollars' worth instead of a hundred. A yea and nay vote was taken on this amendment, which resulted, yeas 125, nays 226.

Mr. Bland then offered four amendments providing respectively for coinage at the ratio of 17 to 1, 18 to 1, 19 to 1, and 20 to 1. These were defeated in the order in which they were offered by the following yea and nay votes: The first by 101 yeas to 241 nays, the second by 103 to 240, the third by 104 to 238, and the fourth by 122 to 222.

¹ *Congressional Record*, vol. xxv., p. 244.

Mr. Bland then offered a resolution reviving the Bland-Allison Act of 1878, which was defeated by a vote of 136 yeas to 213 nays.

On the 28th of August the vote was taken on the passage of the original bill introduced by Mr. Wilson, and resulted, yeas 239, nays 108.¹

The bill then went to the Senate and was referred to the Finance Committee, which, through its chairman, Mr. Voorhees, reported a substitute for the same, which provided for the repeal of that portion of the Act of July 14, 1890, providing for the purchase of 4,500,000 ounces of silver, etc., but declared it to be the policy of the United States to continue in use gold and silver as standard money, and to coin the same into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as to insure the maintenance of the parity and value of the coins of the two metals, and declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States in the

¹ *Congressional Record*, vol. xxv., p. 1008.

markets and in the payment of debts. The substitute, as amended, was passed by a yeas and nays vote in the Senate, after a prolonged debate, by the following vote: yeas 43, nays 32.¹

The bill then went to the House as amended by the Senate, where Mr. Bland moved to recommit the bill and add to the Senate amendment as follows: "and to provide for carrying into effect the policy of the foregoing declaration; and that so much of the Act of January 18, 1837, in regard to the establishment of a mint as relates to and provides for the coinage of the standard silver dollar of four hundred and twelve and a half grains of standard silver, is hereby revived and re-enacted in full force and effect."

The question came up on the motion to recommit, and was decided by a yeas and nays vote: yeas 109, nays 176.²

It then came up on the motion to concur in the Senate amendment, and a yeas and nays vote resulted: yeas 194, nays 94.³

The passage of the Act of 1893 was the legislative culmination of a remarkable experience in the finan-

¹ *Congressional Record*, vol. xxv., p. 2958.

² *Ibid.*, p. 3067.

³ *Ibid.*, p. 3065.

cial and political history of the country, which began about 1875, and grew, in force and intensity—especially in the Western and Southern States—for a number of years, but met with resistance from the Eastern and Middle States. It divided the existing political parties on new lines and built up new and strong political organizations. Its strength was manifested in Congress by the votes cast from time to time in favor of the free and unlimited coinage of silver, while the intensity and earnestness of its advocates were shown by the debates on the acts passed on the subject of coinage since 1873.

In the Act of March 3, 1891, making appropriations for sundry civil expenses for the year 1892, there was inserted a provision "That the Secretary of the Treasury shall, as soon as practicable, coin into standard silver dollars the trade dollar bullion and trade dollars now in the Treasury." Under this act there were coined 5,078,472 dollars.

The Act of 1893 did not interfere with the discretion of the Secretary of the Treasury to coin the bullion remaining uncoined which he had purchased under the Act of 1890, and the silver dollars coined prior to the passage of the Act of June 13, 1898,

were coined in pursuance of the authority conferred upon the Secretary by the Act of 1890.

The Act of June 13, 1898, known as the War Revenue Act, contained a provision authorizing and directing the Secretary of the Treasury to coin into standard silver dollars, as rapidly as the public interest might require, the silver bullion at that time in the Treasury at the rate of not less than \$1,500,000 per month, and under this act there has been coined to the 1st of March, 1899, 11,296,335 silver dollars.





CHAPTER XIV

THE DOUBLE STANDARD NOT SUCCESSFUL

Failure Due to Fluctuation of the Market Ratio—Opinions of Eminent Men—Reports of Ingham and Preston—Opinion of John Locke—Speech of Senator Jones—Speech of Garfield—Gold and Silver Countries with the Amount of their Circulation.

WE have seen that the attempt to establish and maintain, from time to time, a gold and silver standard in the United States was not successful, and that its failure was due to the fact that the market ratio of the two metals was constantly fluctuating. Experience teaches that when this is the case the attempt to maintain the double standard results in confusion and failure, and finally in one or the other of the two metals disappearing from circulation, for it is as impossible to maintain the stability of a double monetary standard based upon two widely fluctuating money values as it would be to locate objects at equal distances apart, based upon measurements made by fluctuating lengths.

From the administration of Washington to the present time, the effort to establish the double standard has failed and always resulted in the demoralization of our financial system. Many of our most eminent authorities on finance, and many of our most distinguished statesmen, have maintained the theory that a double standard is wholly impracticable and cannot be maintained. When Andrew Jackson was President of the United States, S. D. Ingham was Secretary of the Treasury, and as such officer made a report to the United States Senate in response to a resolution adopted by that body on the "relative value of gold and silver." The report is regarded as one of the most profound and exhaustive discussions ever made on the subject. Concerning the desirability of a double or single standard, Mr. Ingham said:

"The proposition that there can be but one standard in fact is self evident. The option of Governments charged with this duty is therefore between having property measured sometimes by gold and sometimes by silver, and selecting that metal which is best adapted to the purpose for the only standard. Why the latter course had not been universally adopted, it is not easy to explain, unless it

may be attributed to that prevalent delusion which seeks to secure the possession of gold and silver by restraining their exportation, and avoiding the payment of debts rather than improving the public economy by giving every facility to it. It would seem strange, however, that, while every individual who had a deposit of money in bank, or in his chest, (unless he is sufficiently deranged to think of hoarding it,) would be wholly indifferent whether it were gold or silver. Governments should persevere in maintaining a different theory. But such has been the fact. The history of coinage abounds with mint regulations to keep gold and silver together, and statutes prohibiting, under severe penalties, the exportation of either; all of which have disappointed every expectation of their projectors. The adoption of one metal as a standard measure of property is recommended by its simplicity.

“ No change in the mint regulations can ever be required, and it removes every pretext for dishonest or unwise governments to debase their coins. All other metals may be imported as freely as before, and, like other articles of merchandise, applied to the payment of debts. The standard coins could not be withdrawn from circulation except by an un-

favorable exchange, which is to be corrected by selling more or buying less, not by refusing to pay. That there must be some financial delusion, originating in the love of money, that induces such pertinacious adherence to the maintenance of two standard measures of property, can scarcely be doubted. All agree that measures of weight and capacity should be based on a unit, determinable by some fixed law of nature; and none will pretend that this measure could be perfected by referring to two or more variable laws, having no connection or equalizing principle to correct their aberrations; yet such is the theory of two standard measures of property.”¹

Another authority on the subject says²: “As the monetary system recommended by Hamilton was the first instance in the history of the bi-metallic system proper, so, too, it was the best to illustrate the operations of that system, and to demonstrate that what is called the double standard system of gold and silver, however well poised and adjusted it may be in the beginning,

¹ *Monetary Conference*, 1878, p. 578.

² R. E. Preston, in his report as Director of the Mint, 1895, pp. 160, 187, 188.

necessarily in time evolves into a single standard system of either gold or silver, in obedience to Gresham's law that 'if debased coin is attempted to be circulated with full valued coin, all of the latter will disappear from circulation, and the overvalued and debased coin will alone remain, to the ruin of commerce and business.' . . . It is safe to say that if, in the United States the free and unlimited coinage of both gold and silver were guaranteed by law—but both gold and silver coins were deprived of their legal-tender power, it being left with the creditor, whether a capitalist demanding the payment of interest on his loaned money, or a day laborer his week's wages, whether the millionaire receiving his dividends or collecting the value of his coupons, the planter the price of his cotton or tobacco, the farmer of his wheat, or the humble shopkeeper that of a few yards of cloth, or the few pounds of beef or butter he has sold—all would demand the coin least liable to fluctuation of value and farthest removed from the reach of unforeseen contingencies; that is, the millionaire and laborer, the rich and the poor man alike would insist on payment in gold, and would refuse it in silver.

“ . . . One infallible test and measure of the

soundness of a metallic or other currency is to be found in the answer to the question, whether, deprived of the legal-tender power guaranteed it by the State, it would still be sought after and voluntarily received in payment at its full nominal value. If it would, then it is plain that it is received because of some quality inherent in itself, something that the law does not endow it with and cannot take from it. If it would not, then it is just as plain that it is accepted under compulsion, and that but for the coercive power of the State forcing the creditor to receive it, it would not circulate at its full nominal value."

Nearly two centuries ago John Locke, the great philosopher, who had written much on the subject of coins and coinage, said: "Two metals, gold and silver, cannot be the measure of commerce, both together, in any country, because the measure of commerce must be perpetually the same, invariable, and keeping the same proportion of value in all its parts. But so only one metal does, or can do, to itself. So silver is to silver, and gold to gold; but gold and silver change their value one to another, for, supposing them to be in value as sixteen to one now, perhaps the next month they may be as fifteen

and three fourths, or fifteen and seven eighths to one; and one may as well make a measure to be used as a yard, whose parts lengthen and shorten, as a measure of trade of materials that have not always a settled, invariable measure to one another. One metal, therefore, alone, can be the money of account and contract in any country."

In a speech delivered in the Senate on the 1st of April, 1874, Senator Jones, of Nevada, used this language: " Does this Congress mean now to leave entirely out of view and discard forever a standard of value ? Did any country ever accumulate wealth and achieve greatness or acquire a high civilization without such a standard ? And what but gold can be that standard ? What other thing on earth possesses the requisite qualities ? Gold is the articulation of commerce. It is the most potent agent of civilization. It is gold that has lifted the nations from barbarism. So exact a measure is it of human effort, that when it is exclusively used as a money it teaches the very habit of honesty. It neither deals in nor tolerates false pretense. It cannot lie. It keeps its promises to rich and poor alike." ¹

When the lamented President Garfield was a

¹ Russell's *International Monetary Conferences*, p. 153.

member of the national House of Representatives he spoke as follows when the silver question was under consideration :

“ . . . Mr. Speaker. I once saw a dog on a great stack of hay which had been floated out into the wild, overflowing stream of a river, with its stack-pen and foundation still holding together, but ready to be wrecked. For a little while the dog appeared to be perfectly happy. His haystack was there and the pen around it, and he seemed to think the world bright and his happiness secure, while the sunshine fell softly on his head and his hay. But by and by he began to discover that the house and the barn, and their surroundings, were not all there as they were when he went to sleep the night before ; and he began to see that he could no longer command all the prospect and peacefully dominate the scene as he had done. So with this House. We assume to manage this mighty question which has been launched on the wild current that sweeps over the whole world, and we bark from our legislative haystacks as though we commanded the whole world. In the name of common sense and sanity, let us take some account of the flood ; let us understand that a deluge means something,

and try, if we can, to get our bearings before we undertake to settle the affairs of all mankind by a vote of this House.

“ To-day we are coining one third of all the silver that is being coined in the round world; China is coining another third, and all other nations are using the remaining one third for subsidiary coin. And if we want to take rank with China, and part company with all the civilized nations of the Western world, let us pass this bill, and then ‘ bay the moon,’ as we float down the whirling channel to take our place among the silver monometallists of Asia.”¹

In another speech made in the House of Representatives on the 27th of March, 1876, speaking more directly upon the policy of attempting to maintain a double standard, Garfield said:

“ . . . Cheat the laboring man! Does not my friend know that this question of the relation of silver coin to gold coin is two hundred years old? Two hundred years ago all the intelligence that Newton and Locke could bring to bear upon this subject resulted in proving the impossibility of sustaining in equipoise two standards of value, the one silver and the other gold. The attempt was made

¹ Hinsdale's *Garfield*, vol. ii., p. 350.

to keep up two standards of value, one of gold, one of silver, and it was found utterly impossible, because the value of the two metals fluctuated in the market; and finally, after a thorough discussion of the whole subject, the attempt was abandoned. Some nations took silver as their standard of value, and some took gold; but almost all nations have adopted one metal for their standard coin and another metal for a subsidiary coinage for the sake of change. Most nations have adopted gold as the standard of value, and silver as a subsidiary currency.”¹

These great speeches of Garfield were delivered many years ago, when there was little difference in the market ratio of the two metals. With that marvelous eloquence and power for which he was so justly famous, Garfield, in these speeches, battled even at that early day against any further coinage of the silver dollar, and said it would be “sheer madness” to attempt it; yet, heedless of his advice and warning, the country since that time has coined over 400,000,000 silver dollars in addition to the amount then in existence. One can imagine the surprise and disappointment which Garfield

¹ Hinsdale's *Garfield*, vol. ii., p. 336.

would feel on this subject had he lived to see his country threatened with the deluge of free silver, and "floating down the whirling channel to take its place among the silver monometallists of Asia."

As was stated by Garfield, "Some nations took silver as their standard of value, and some took gold"; and a profitable lesson may be drawn by the study of the countries which have respectively adopted gold and silver as their standards.

All the great commercial nations of the world have gold as their standard, with silver as subsidiary coin. In these nations is to be found the greatest prosperity.

The following are the gold-standard countries, with the amount of gold and silver in circulation in each:

The United Kingdom, including England, Ireland, and Scotland, has \$550,000,000 of gold, with \$112,000,000 of silver.

France, \$825,000,000 of gold, with \$492,000,000 of silver.

Germany, \$625,000,000 of gold, with \$215,000,000 of silver.

Belgium, \$55,000,000 of gold, with same amount of silver.

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Italy, \$96,000,000 of gold and \$30,000,000 of silver.

Switzerland, \$15,000,000 of each.

Russia, \$455,000,000 of gold and \$48,000,000 of silver.

Turkey, \$50,000,000 of gold and \$40,000,000 of silver.

Japan, \$88,000,000 of silver and \$80,000,000 of gold.

The following are the silver-standard countries, with the amount of gold and silver in circulation in each country:

Mexico, \$50,000,000 of silver and \$5,000,000 in gold.

China, \$750,000,000 of silver and no gold.





CHAPTER XV

THE UNITED STATES FRIENDLY TO SILVER

Sound Money the Friend of the Poor—Silver the Favorite Money for Domestic Use—Mexico and China—That Nation the Best Friend of Silver which Maintains its Value.

ARE the United States to be condemned because they favor a financial policy which has been adopted by most of the commercial nations and all the most enlightened nations of the world? Because they believe in the commercial policy of England, Germany, France, Russia, Austria, and other great nations, rather than that of China and Mexico, are the United States to be held up as the nation of “gold bugs” and “aristocrats”? Sound money is not the enemy of the poor man. It is his best friend. When he is paid for his labor in it, he gets the best money in the world, and that is what he is entitled to. When the farmer sells his products and is paid in this kind of money in exchange for what he sells, he receives that which at all times and

in all places commands the highest respect and the greatest confidence as money, and he is entitled to receive it. Why should the farmer sell the product of his farm and get inferior money in exchange? Why should the laborer work a day, a week, or a month, and at the end of his task be paid in poor money?

While the people of the United States favor sound money, because they believe it to be the best money, they are not opposed to silver in its proper function. On the contrary, they believe in the most liberal use of it, and could no more be induced to suspend its use than they could the use of gold. It is essentially the home money of the American people, and for domestic transactions and the daily necessities of our commercial life is indispensable. Any attempt to supplant it would result in deserved failure. So friendly are we to it that there are now in use in the United States about 600,000,000 of silver dollars, or their representatives. Does this look as though our nation was unfriendly to silver?

Suppose the Acts of 1878 and 1890 had not been passed, and the Government had continued to coin silver dollars since 1873 to the present time at the annual average rate it had coined them from 1793 to

1873, a period of eighty years, there would have been only 2,300,000 dollars coined; whereas under these acts there have been coined and are now in the country about 450,000,000 silver dollars. Which of the two policies shows the greater friendship for silver?

But it is not the nation which coins the most silver that is the best friend of silver, but the nation which keeps its silver coin equal in value with gold. Mexico and China have silver as their standards, China having no gold, yet in each of these countries a silver dollar is worth only one half what it is in the United States, though it contains more silver and of equal purity. The reason is, in this country we limit the amount of silver in circulation to our ability to maintain it on a parity with gold, while in the countries mentioned there is no limit to the amount of silver which may be coined and circulated, and the abundance of it sinks it to its bullion value. It is better for silver that a country have a limited amount of it in circulation and maintain it on a parity with gold, than to have an unlimited amount at a greatly depreciated value. The United States is one of the great silver nations of the world. We have in circulation almost as much silver as any

country on the globe, and yet so carefully is our supply guarded, that our silver dollars pass everywhere as well as our gold dollars. That nation does the most for silver which maintains its value.

By issuing silver certificates and Treasury notes and making the silver dollars legal tenders acceptable for public dues and customs and limiting the coinage of the dollars, the parity of the metals has been maintained, but the effort taxed the strength of the Government to its utmost. For the purpose of putting the silver dollars in circulation, Congress appropriated the means for shipping the coins free of any charge to any part of the United States. This has cost the Government over \$1,000,000. During the fiscal year 1897 there were shipped to various points about \$72,000,000 in silver coin, inclusive of subsidiary coins, for which the Government paid over \$81,000 in express charges.¹

¹ *Report of Monetary Commission*, p. 120.





CHAPTER XVI

THE FAILURE TO COIN SILVER NOT THE CAUSE OF THE PANIC

Cause of Panic as Claimed by Free Silver Men—Prosperous Times when we had Less Silver in Circulation than During the Panic—Opinion of Mr. Bryan on the Fall of Prices—Demand for More Money—Per Capita Circulation in the United States—Per Capita Circulation in Free Silver Countries—Prosperity in the United States.

IT is said by the friends of free coinage that the effect of not coining silver has been to depress prices and cause hard times. Is this statement true? It is true that after 1892 prices generally declined and business depression prevailed throughout the United States; but it is also true that from 1880 to 1892 this country enjoyed its most prosperous period. Land brought good prices during those years, and in many cases almost doubled in value; farm products sold well; labor commanded higher wages than ever before in this country, and an idle

man was a scarcity. During the most of that period we had less silver in circulation in the United States by several hundred millions of dollars than we have now.

I put this question plainly to every man: If the failure to coin silver was the cause of the hard times, why did we not have hard times from 1880 to 1892? for in 1880 we had \$400,000,000 less of silver than we have to-day. Yet that was a prosperous year. In 1881 we had \$360,000,000 less. Yet that was a prosperous year. In 1882 we had \$320,000,000 less than we have now, and yet 1882 was a prosperous year. And so on for each year until we reach 1893. The argument is conclusive that the cause of the panic, and the fall in prices since 1892 is due to some other reason than the failure to coin silver at the ratio of 16 to 1.

Speaking upon this very subject,—the cause of the fall of prices,—Mr. Bryan, the nominee of the Chicago convention, in a speech on the tariff delivered when he was a member of Congress in 1892, with his characteristic force, said:

“ The fall of prices is due to the inventive genius that has multiplied a thousand times, in many instances, the strength of a single arm, and enabled

us to do to-day with one man what fifty men could not do fifty years ago. That is what brought prices down in this country and everywhere." ¹

There can be no question but this statement is true, and that prices have fallen as the result of mechanical inventions, foreign and domestic competition, and the loss of our home market by reason of foreign competition consequent upon low tariff duties.

It is also claimed by the free silver men that we need more money in circulation. But we have in circulation in the United States \$26 for every man, woman, and child in the country, being more than any country in the world except France, and amounting in the aggregate to almost two thousand millions of dollars.

It is in the free silver countries where the money circulation is most limited; where labor is least rewarded, and agriculture and manufacturing least profitable. Mexico, for example, has only \$4.71 per head; India, \$3.33; and China only \$2.08. In all these countries the silver dollar is worth no more than the bullion it contains. The same would be true of the silver dollar of the United States

¹ *Congressional Record*, vol. cxxii., p. 2134.

were it not for the statute which declares it to be the policy of the Government to maintain the silver dollar on an equality with the gold dollar, but this can be done only by limiting the number of silver dollars which are coined, because an unlimited number of them would be more than the Government could support on a gold equality. It must necessarily follow that when the silver dollar is coined to such an extent in the United States that the equality between the two dollars cannot be maintained, the silver dollar must drop to its bullion value.

The prosperity of the United States from 1880 to 1892 cannot be denied. Mr. Mulhall, the most distinguished living statistician, has recently published a book entitled *The Balance Sheet of the World*. In speaking of the United States, he says:

“ It would be impossible to find in history a parallel to the progress of the United States in the last ten years. Every day that the sun rises upon the American people it sees the addition of two and a half millions of dollars to the accumulation of wealth in the republic, just one third of the daily accumulation of all mankind outside of the United States.”

Such a splendid tribute to our national progress

cannot be ignored; but the truth is established without the testimony of foreign experts. Every American citizen is a witness to the fact that from 1880 to 1892 our country reached the high-water mark of its industrial and agricultural prosperity. This was during a period when less coined silver by several hundred millions was in the country than at the present time. How, then, could our commercial and financial depression be charged to the omission to coin silver, when so much more of it has been coined and is in circulation than there was between 1880 and 1892 when the country was so prosperous ?





CHAPTER XVII

THE TRADE DOLLAR

Its History and Place in our Coinage System—Unknown in our Coinage Laws Prior to 1873—Its Coinage Demanded by the Oriental Trade—Its Limited Legal-Tender Power—Popular in the Eastern Trade—Devices—Number Coined—A Disturbing Element at Home—Legal-Tender Power Taken away and its Coinage Limited—Redeemed by the Treasury Department and Recoined—Number Recoined—Its Misfortunes.

UNTIL the Act of 1873, which revised the mint and coinage laws, passed Congress, there was no such coin known to the people of the United States as the trade dollar. That act omitted the coinage of the silver dollar of $412\frac{1}{2}$ grains and provided for the coinage of a dollar of the weight of 420 grains, which became known as the "trade" dollar. The relation of this piece to our coinage system has been perplexing and difficult to understand. In his report for 1884, the Secretary of the Treasury referred to it as "the anomalous trade dollar." The provision for the coinage of this dol-

lar was introduced into the act a short time before it was passed by an amendment to the original bill, offered in the Senate, to which the House agreed on conference, providing "that any owner of silver bullion might deposit it at any mint, to be coined into bars, or into dollars of the weight of four hundred and twenty grains, troy, designated in this act as trade dollars, and that no deposit for other coinage should be received."

The cause which led to the creation of the trade dollar antedates by some years the act which provided for it. Its history will necessarily, to some extent at least, be familiar to any one who reads what I have said concerning the Act of 1873, for the history of that act and the history of the trade dollar are so interwoven that a consideration of the one independent of the other is impossible. About 1869 or 1870 there was a large increase in trade between the United States and the far eastern countries of China and Japan. As silver was the money used in those countries, there was a commercial demand for an American silver dollar suitable for this trade, and this demand caused the increased coinage of our standard silver dollar which began about that time. In his report for

1872 the Secretary of the Treasury, in referring to silver, said: "I am of the opinion its coinage should be limited to commercial purposes, and designed exclusively for commercial purposes with other nations." It was found that the American silver dollar of $412\frac{1}{2}$ grains was not adapted to our trade with China and Japan, and that the Mexican silver dollar, which weighed 416 grains, and was consequently heavier than the American dollar, was taking this oriental trade from us. About this time the State of California, appreciating its commercial and geographical advantage in relation to trade with the eastern countries, through its legislature petitioned Congress to pass a law authorizing the coinage of a silver dollar which would weigh 420 grains, and which it was supposed would be especially adapted to the trade between this country and China and Japan, and consequently bring to us that trade which the Mexican dollar was causing to go to Mexico. It was for this reason that the Senate amendment was made to the bill and this particular piece of money was called the "trade" dollar.

It seems to have been the purpose of Congress that it should stand alone as a purely commercial dollar, and that it should not be classed among the

silver coins of the country, nor given any legal-tender power. But these purposes appear to have been defeated by Section Fifteen of the Act of 1873, which included it (it is claimed by mistake) with the other silver coins mentioned in the act and conferred upon it such legal-tender power as they possessed. The devices on this dollar were the same as those on other American dollars, and these, with its size and the stamp of the Government that it contained 420 grains of silver, made it a popular piece of money in the eastern trade. The Government coined 35,965,924 of these dollars, all of which but about 6,000,000 were exported.

But it was not long before there was complaint that this dollar was a disturbing element in the commercial interests of the country. It apparently could not be understood how a silver dollar piece coined at the mints of the United States, bearing the government stamp, and containing 420 grains in silver was a legal tender to only five dollars, while the old $412\frac{1}{2}$ -grain dollar was a legal tender to any amount. As a consequence of the confusion growing out of the situation, Congress, on the 17th of July, 1876, passed a joint resolution in which it declared that the trade dollar should not thereafter be

a legal tender, and the Secretary of the Treasury was authorized to limit its coinage to such an amount as he might consider sufficient to meet the demands for it for exportation. But this action on the part of Congress did not clear the atmosphere which seemed to surround this unfortunate coin, and Congress found itself in a very awkward position concerning it. While it contained seven and one half grains more silver than the standard silver dollar, Congress had taken away its limited legal-tender power, had failed to provide that, like the standard silver dollar of less intrinsic value, it should be maintained on a parity with the gold dollar, and the Government would not accept it in payment for public debts, while the standard dollar remained an unlimited legal tender. Finally, and hoping in that way to get rid of a very embarrassing situation, an act was passed on the 19th of February, 1887, authorizing the Treasurer or any Assistant Treasurer of the United States to receive these dollars, if not defaced, mutilated, or stamped, in exchange for a similar number of standard dollars or subsidiary coin of the United States, dollar for dollar, for a period of six months. The act further provided that the trade dollars thus received by the Govern-

ment should not again be paid out or issued in any other manner, but should be recoined into standard dollars, or subsidiary silver coin, at the discretion of the Secretary of the Treasury, with a further provision that the trade dollars so recoined should not be counted as part of the silver bullion which was required to be purchased and coined under the Act of February 28, 1878. Under the Act of 1887 there were redeemed and paid into the Treasury of the United States 7,689,036 trade dollars. Out of the bullion which was produced by melting the trade dollars which were redeemed there were coined 5,078,472 standard silver dollars and \$2,668,674.30 in subsidiary coins. This act never received the approval of the President, but became a law without his signature. This was the final legislation in reference to a piece of money which had an unhappy but in some respects useful experience. The trade dollar, since its legal-tender power was taken away, has never been worth more than it would bring in the market as bullion, although a heavier dollar by several grains than any other silver dollar which the Government ever coined.

Such in brief is the history of the trade dollar. With all the insignia of government paternity and

authority stamped upon it, heavier than any other silver dollar ever issued from our mints, and made of the purest silver, it is an unclaimed child of the republic, worth only what it will sell for as bullion, because it has no government protection. Its creation was a misfortune, its existence a failure, and its retirement a necessity.





CHAPTER XVIII

DEVICES AND INSCRIPTIONS ON OUR COINS

Their Influence—Differences of Opinion—Senate Bill—Defeated in the House—Act of 1837—Of 1849—Of 1851—Of 1857—Of 1865—Of 1866—Of 1873—History of Motto “In God We Trust”—Letter of Rev. M. R. Watkinson to Secretary Chase—Reply of Chase—Motto First Appeared on a Minor Coin—Propriety of Motto.

NO little trouble was experienced by the Second Congress in determining the devices and inscriptions which should adorn our national coins. It was regarded as an important part of our coinage system which would exert a great influence in the direction of public education. It is not surprising, therefore, that there were wide differences of opinion among the Senators and Representatives concerning the character and nature of the devices and inscriptions which should be placed on the coins. The Senate passed a bill which favored as a device the head of the President of the United States for

the time being, with an inscription which should express the initial letter of his first name, and his last name in full, and the succession of the Presidency numerically. In the House of Representatives this proposition met with much opposition, and some of the members maintained that it showed the tendency of the Senate toward a monarchical form of government, as it was the custom in such governments to engrave the heads of their kings or monarchs on their coins.¹ A motion was made to strike out the Senate provision and insert in its place the words "Emblematic of Liberty," with the word "Liberty" inscribed on the coin.² This motion provoked debate, but it prevailed, and the Senate was forced to concur, and in this way the form and character of the devices and inscriptions to be placed upon the coins were adopted. These, however, were not all to be alike. On one side of each of the coins there was to be an emblem of Liberty and also the word "Liberty" and the year of the coinage. These emblems and inscriptions applied to all the coins, but upon the opposite side of the gold

¹ For the debate on this subject see Benton's *Abridgment*, vols. i. and ii.

² See letter of Madison herein, p. 59.

and silver coins there was to be the figure of an eagle, with the words " United States of America " inscribed thereon, while upon the reverse side of the copper coins there was to be expressed only the denomination of the piece.

While the Act of 1837 made many changes in the coinage laws, it made none in the inscription or devices on the gold coins, nor on the larger silver coins; but it provided that on the reverse side of the dime, half-dime, cent, and half-cent, the eagle should be omitted, as it had been on the cent and half-cent under the Act of 1792. No reason was given why this change in the smaller silver pieces was made, but presumably it was due to their size.

By the Act of March 3, 1849, Congress authorized the coinage of two new gold pieces, the double-eagle and gold dollar. By the terms of the act the designs on these pieces were to conform to the designs on the existing gold pieces, except that on the reverse side of the dollar piece the representation of the eagle was to be omitted. The Act of March 3, 1851, which made it lawful to coin the three-cent silver piece, expressly provided that the devices thereon should be " conspicuously different from those of the other silver coins and of the gold dollar,"

but the words "United States of America," and its "denomination and date" should be placed on it; further than this the act did not designate what the devices should be. The coinage of the two-cent piece was next provided for by the Act of February 21, 1857, but it did not prescribe any device or inscription therefor, but simply said "the shape, mottoes, and devices of said coins shall be fixed by the Director of the Mint." The same provision was made in the Act of March 3, 1865, relative to the mottoes and devices which should be on the three-cent pieces coined under that act. Substantially the same provision was contained in the Act of May 16, 1866, which provided for the coinage of the five-cent nickel piece.

In the revision of the mintage laws under the Act of 1873 it was provided that upon the coins of the United States there should be the following devices and legends: upon one side an impression emblematic of Liberty, with an inscription of the word "Liberty" and the year of the coinage, and upon the reverse the figure or representation of an eagle, with the inscription "United States of America" and "E Pluribus Unum" and the designation of the value of the coin. But on the gold dollar and the

three-dollar piece, the dime, five-, three-, and one-cent pieces, the figure of the eagle was to be omitted; and on the reverse of the trade dollar the weight and fineness of the coin should be inscribed; and the Director of the Mint, with the approval of the Secretary of the Treasury, might cause the motto "In God We Trust" to be inscribed on such coins as should admit of such motto; and any one of the foregoing inscriptions might be on the rim of the gold and silver dollars. This was the most complete designation of the mottoes, legends, and inscriptions to be placed upon our coins ever contained in an Act of Congress, and was the first time that the inscriptions "E Pluribus Unum" and "In God We Trust" had been prescribed by statute. The latter inscription, however, had been placed upon some of our coins prior to the passage of the act. An interesting history of this inscription is given in the report of the Director of the Mint for 1896, from which it appears that M. R. Watkinson, a minister of the Gospel, was the first to suggest the propriety of recognizing the Deity on the coins of the United States, and he addressed the following letter to Mr. Chase, Secretary of the Treasury, on the subject:

“RIDLEYVILLE, PA., November 13, 1861.

“DEAR SIR:—You are about to submit your annual report to Congress respecting the affairs of the national finances.

“One fact touching our currency has hitherto been seriously overlooked. I mean the recognition of the Almighty God in some form in our coins.

“You are probably a Christian. What if our Republic were now shattered beyond reconstruction? Would not the antiquaries of succeeding centuries rightly reason from our past that we were a heathen nation? What I propose is that instead of the goddess of liberty we shall have next inside the 13 stars a ring inscribed with the words ‘Perpetual Union’; within this ring the all-seeing eye, crowned with a halo; beneath this eye the American flag, bearing in its field stars equal to the number of the States united; in the folds of the bars the words, ‘God, liberty, law.’

“This would make a beautiful coin, to which no possible citizen could object. This would relieve us from the ignominy of heathenism. This would place us openly under the Divine protection we have personally claimed. From my heart I have

felt our national shame in disowning God as not the least of our present national disasters.

“ To you first I address a subject that must be agitated.

“ M. R. WATKINSON,
“ *Minister of the Gospel.*

“ Hon. S. P. CHASE,
“ *Secretary of the Treasury.*”

The letter seems to have deeply impressed the Secretary, for in a few days after it was written he in turn addressed the following letter to the Director of the Mint:

“ TREASURY DEPARTMENT, November 20, 1861.

“ DEAR SIR:—No nation can be strong except in the strength of God, or safe except in His defense. The trust of our people in God should be declared on our national coins.

“ You will cause a device to be prepared without unnecessary delay with a motto expressing in the fewest and tersest words possible this national recognition.

“ Yours truly,
“ S. P. CHASE.

“ JAMES POLLOCK, Esq.,
“ *Director of the Mint, Philadelphia, Pa.*”

As the Act of 1837 designated what inscriptions

should be placed on the coins there could be no way of acting on the suggestions of recognizing the Deity in our coinage system until there was a change in the law. In 1863 there were issued some new minor coins, and the Director of the Mint suggested to the Secretary of the Treasury that there should appear thereon as a motto one of the expressions, "Our Country; our God"; "God, our Trust." The Secretary again wrote the Director on the subject, on December 9, 1863, as follows:

"I approve your mottoes, only suggesting that on that with the Washington obverse the motto should begin with the word 'Our,' so as to read, 'Our God and Our Country.' And on that with the shield, it should be changed so as to read, 'In God We Trust.'"

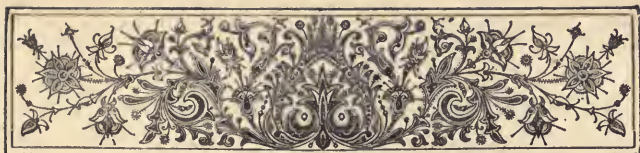
Authority had been given by the Act of April 22, 1864, to the Director of the Mint, with the approval of the Secretary of the Treasury, to name the devices which might appear upon the minor coins which were to be coined under that act, and the history of this inscription in the report referred to says: "It is upon the two-cent bronze piece that the motto 'In God We Trust' first appears." Ac-

cording to this account these particular words were first suggested as a suitable inscription upon the coins of our country by Mr. Chase. Whether he had been impressed with this idea before he received the suggestive letter of Mr. Watkinson is not known. It was, however, eminently proper that upon the coins of a Christian nation there should be a fitting recognition of such nation's trust in Almighty God. It was undoubtedly this suggestion of Secretary Chase, made in 1863, which influenced Congress to provide in the Act of 1873 for the inscription of such a legend upon our coins.

No change can be made in the design or diameter of any coin oftener than once in twenty-five years.¹

¹ Act of September 26, 1890.





CHAPTER XIX

TABLE OF COINS

When Authorized—Number and Value—Gold Coins—Silver Coins—
Minor Coins—Total Value of All Coins to June 30, 1897—Table
of Denominations, Fineness, Alloy, and Weight of the Coins of
the United States.

FROM the report of the Director of the Mint
I have selected the following list of gold,
silver, and minor coins, with the value of each piece;
the date of the act authorizing its coinage and the
date of its discontinuance; the number of pieces
coined of each denomination, with their aggregate
value; together with the aggregate value of all coins
coined in the United States from the beginning of
the Government to June 30, 1897:

GOLD COINS

DOUBLE-EAGLE, \$20.00.. Authorized March 3, 1849.
Number, 66,874,902.
Value, \$1,337,498,040.

Eagle, \$10.00Authorized April 2, 1792.

Number, 27,458,128.

Value, \$274,581,280.

HALF-EAGLE, \$5.00.....Authorized April 2, 1792.

Number, 44,874,009.

Value, \$224,370,045.

QUARTER-EAGLE, \$2.50..Authorized April 2, 1792.

Number, 11,508,352.

Value, \$28,770,880.

THREE-DOLLAR PIECE...Authorized Feb. 21, 1853.

Discontinued Sept. 26, 1890.

Number, 539,792.

Value, \$1,619,376.

ONE-DOLLAR PIECE.....Authorized March 3, 1849.

Discontinued Sept. 26, 1890.

Number, 19,499,337.

SILVER COINS

DOLLAR.....Authorized April 2, 1792.

Discontinued Feb. 12, 1873.

Coinage re-authorized Feb. 28,
1878.

Number, to Feb. 12, 1873,
8,031,238.

Number from March 1, 1878,
to June 30, 1897, 451,993,-
742.

Total number to June 30, 1897,
460,024,980.

TRADE DOLLAR.....	Authorized Feb. 12, 1873. Discontinued March 3, 1887. Number, 35,965,924.
HALF-DOLLAR.....	Authorized April 2, 1792. Number, 268,066,390. Value, \$134,033,195.
COLUMBIAN HALF-DOLLAR—	Authorized August 5, 1892. Number, 5,002,105. Value, \$2,501,052.50.
COLUMBIAN QUARTER-DOLLAR—	Authorized March 3, 1893. Number, 40,023. Value, \$10,005.75.
QUARTER-DOLLAR.....	Authorized April 2, 1792. Number, 209,580,208. Value, \$52,395,052.
TWENTY-CENT PIECE....	Authorized March 3, 1875. Discontinued May 2, 1878. Number, 1,355,000. Value, \$271,000.
DIME.....	Authorized April 2, 1792. Number, 294,286,139. Value, \$29,428,613.90.
HALF-DIME.....	Authorized April 2, 1792. Discontinued Feb. 12, 1852. Number, 97,604,388. Value, \$4,880,219.40.

THREE-CENT PIECE.....Authorized March 3, 1851.
Discontinued Feb. 12, 1873.
Number, 42,736,240.
Value, \$1,282,087.20.

MINOR COINS

FIVE-CENT (Nickel) Authorized May 16, 1866.
 Number, 298,041,095.
 Value, \$14,902,054.75.

THREE-CENT (Nickel)...Authorized March 3, 1865.
Discontinued Sept. 26, 1890.
Number, 31,378,316.
Value, \$941,349.48.

TWO-CENT PIECE (Bronze)—
Authorized April 22, 1864.
Discontinued Feb. 12, 1873.
Number, 45,601,000.
Value, \$912,020.

ONE-CENT (Copper).....Authorized April 2, 1792.
Discontinued Feb. 21, 1857.
Number, 156,288,744.
Value, \$1,562,887.44.

ONE-CENT (Nickel). . . . Authorized Feb. 21, 1857.
Discontinued April 22, 1864.
Number, 200,772,000.
Value, \$2,007,720.

Table of Coins

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ONE-CENT (Bronze).....Authorized April 22, 1864.

Number, 844,860,048.

Value, \$8,448,600.48.

HALF-CENT (Copper)...Authorized April 2, 1792.

Discontinued Feb. 21, 1857.

Number, 7,985,222.

Value, \$39,926.11.

Total value of all coins coined to June 30, 1897:

Gold coins..... \$1,886,338,958.00

Silver coins..... 720,792,129.75

Minor coins..... 28,814,558.26

Total..... \$2,635,945,646.01

THE FOLLOWING TABLES SHOW THE DENOMINATIONS, FINENESS, ALLOY, AND WEIGHT OF THE COINS OF THE UNITED STATES¹

GOLD

DENOMINATION.	Fine Gold Contained.	Alloy Contained.	Weight.
	<i>Grains.</i>	<i>Grains.</i>	<i>Grains.</i>
One dollar (\$1).....	23.22	2.58	25.80
Quarter-eagle (\$2.50).....	58.05	6.45	64.50
Three dollars (\$3).....	69.66	7.74	77.40
Half-eagle (\$5).....	116.10	12.90	129.00
Eagle (\$10).....	232.20	25.80	258.00
Double-eagle (\$20).....	464.40	51.60	516.00

¹ Treasury Circular No. 143, pp. 16, 17.

SILVER

DENOMINATION.	Fine Silver Contained.	Alloy Contained.	Weight,
	<i>Grains.</i>	<i>Grains.</i>	<i>Grains.</i>
Standard dollar.....	371.25	41.25	412.50
Half-dollar	173.61	19.29	192.90
Quarter-dollar.....	86.805	9.645	96.45
Dime	34.722	3.858	38.58

MINOR

DENOMINATION.	Fine Copper Contained.	Alloy Contained.	Weight.
	<i>Grains.</i>	<i>Grains.</i>	<i>Grains.</i>
Five-cent.....	57.87	19.29	77.16
One-cent	45.60	2.40	48.00





CHAPTER XX

MINOR COINS

Their Usefulness—Limited Legal-Tender Power—Act of 1792—Act of 1793 Fixed Weight of Cent and Half-Cent—Act of 1795 Authorized President to Reduce Weight of Copper Coins—Act of 1796—Of 1837—Act of 1851 Fixed Weight of Cent and Half-Cent—Of 1857—Of 1864—Of 1865—Of 1866—Redemption Act of 1871—Act of 1874—Weight of the Coins.

THE minor coins are made of copper, nickel, or bronze. They are of small denominations and small value, but exceedingly useful in the daily affairs of life. They are legal tender to the amount of twenty-five cents. The coinage of the cent and half-cent, provided for in the original Act of April 2, 1792, contained respectively 11 pennyweights and $5\frac{1}{2}$ pennyweights of copper, but the legal-tender provisions of the act made no mention of these pieces. In 1793 Congress repealed so much of the Act of 1792 as related to the weight of the cent and half-cent, and fixed the weight of the cent at 208 grains and the half-cent at 104 grains of copper.

By the Act of March 3, 1795, the President was given authority to reduce the weight of the copper coins whenever he should think it for the benefit of the United States to do so; provided that such reduction should not exceed two pennyweights in each cent and a proportionate amount in the half-cent; and the act required the President to give notice of such change by proclamation and to communicate the same to the then next Congress. In pursuance of this authority, the President by proclamation, dated January 26, 1796, changed the weight of these coins.

By the Act of 1837 the weight of the cent was fixed at 168 grains and the half-cent at 84 grains. The weight of the cent was again changed by the Act of 1857 to 72 grains, while the coinage of the half-cent was discontinued. By the Act of 1851 Congress authorized the coinage of a three-cent piece, composed of three fourths silver and one fourth copper, of the weight of $12\frac{3}{8}$ grains. In 1864 Congress fixed the weight of the cent at 48 grains,—one tenth of an ounce troy,—the composition of the piece being copper, tin, and zinc, copper largely predominating. The same act directed the coinage of a two-cent piece of the same composition,

of the standard weight of 96 grains. Under this act the one- and two-cent pieces were legal tenders, the cent to the sum of ten cents, and the two-cent piece to the sum of twenty cents. This was the first time the legal-tender power had been conferred upon these pieces. A three-cent piece composed of copper and nickel and weighing 30 grains was coined under the Act of March 13, 1865, and was a legal tender to the amount of sixty cents. This act reduced the legal-tender power of the one- and two-cent coins to four cents. A five-cent piece was coined under the Act of May 16, 1866. Its composition was copper and nickel; it was a legal tender to the extent of one dollar. On March 3, 1871, Congress passed an act requiring the Secretary of the Treasury to redeem in lawful money the copper, bronze, copper-nickel, and base-metal coins then existing, when they should be presented to the Treasury for redemption in amounts of twenty dollars. The Act of February 12, 1873, made the minor coins of the United States consist of a five-cent piece, a three-cent piece, and a one-cent piece. The composition of the five- and three-cent pieces was copper and nickel; that of the one-cent piece copper, tin, and zinc. The weight of the five-cent

piece was 77.16 grains troy, that of the three-cent piece 30 grains, and that of the one-cent piece 48 grains. The coinage of the three-cent nickel piece was discontinued by the Act of September 26, 1890.





CHAPTER XXI

THE SILVER DOLLAR AND SUBSIDIARY COINAGE

Experience of the Silver Dollar—Letter of Jefferson to Hamilton—Soundness of Jefferson's Position—Act of 1792—Mistake of Congress—Views of Dr. Linderman—Letter of Campbell P. White—A Prevailing Theory—Coinage by Periods—Subsidiary Coins—Legal Tenders until Act of 1853—Coinage by Periods—Total Coinage—Resolution of 1876.

FROM 1793, when the silver dollar was first coined in the United States, to 1893, when Congress repealed the Sherman Purchasing Act, was one hundred years. In that period the silver dollar had a varied experience. The first provision for its coinage was unfortunate because founded on an error, and it has continued to be an unfortunate piece of money. Morris, Jefferson, and Hamilton had trouble with it. From the beginning to the end of the century Congress found it an embarrassment. In 1792 Jefferson wrote Hamilton about it as follows:

“ With respect to the dollar, it must be admitted by all the world, that there is great uncertainty in

the meaning of the term, and therefore all the world have justified Congress for their first act of removing the uncertainty by declaring what they understand by the term, but the uncertainty once removed, exists no longer, and I very much doubt a right now to change the value, and especially to lessen it. It will lead to so easy a mode of paying off their debts. Besides, the parties injured by this reduction of the value would have so much matter to urge in support of the first point of fixation.”¹

Jefferson was right. After a century of experience the American people are still troubled about what a silver dollar means, but there can be no doubt about what Jefferson meant. His letter shows him to have been strongly opposed to a cheap dollar, or to any change which would lessen the value of the dollar. He placed his objections on two grounds,—it would afford so easy a way to pay debts, and those who suffered by reason of the reduction in value could justly complain against the change. In addition to these reasons, Jefferson doubted the right—the moral right he must have meant—to “change the value” of the dollar. He

¹ *Jefferson's Works Complete*, vol. iii., p. 330. (See Appendix G for letter in full.)

seemed to regard that as being permanently fixed, and he questioned if it could be reduced. In this short letter Jefferson shows he comprehended the whole subject of a cheap dollar and tersely expressed the objections to it and exposed what its effect on the country would be.

The Act of 1792 provided for the coinage of a silver dollar of the value of a Spanish milled dollar, then current, and to contain $371\frac{4}{16}$ grains of pure silver. If the act had simply provided for the coinage of a silver dollar of the value of a Spanish milled dollar, or a dollar which would contain $371\frac{4}{16}$ grains of pure silver, no trouble would have arisen. But Congress seems to have assumed that the Spanish milled dollar, and a dollar which would contain $371\frac{4}{16}$ grains of pure silver, would be equal in weight and value. Here is where Congress committed the error, as the two dollars were not equal in either of these respects. The $371\frac{4}{16}$ -grain dollar should have been several grains heavier. Dr. Linderman, on this subject, says¹: "The standard aimed at when the United States silver dollar was first authorized to be issued was the Spanish dollar. The Act of 1792 provided that the dollar should be of

¹ *Report on Branch Mints*, Nov. 19, 1872, pp. 9, 10.

the value of the Spanish milled dollar, as the same was then current in the United States. The act also provided that it should contain $371\frac{1}{4}$ grains of pure silver. The content of pure silver should have been within a fraction of $377\frac{1}{4}$ grains. The mistake made in specifying $371\frac{1}{4}$ instead of $377\frac{1}{4}$ grains, was due to an error in determining the quantity of pure silver in the Spanish dollar, the art of assaying being then imperfectly understood in this country. Dr. Rittenhouse, the first Director of the Mint, must have recognized the error, because the earlier issues of the mint corresponded very closely to the Spanish dollar. His successor, however, caused the standard to be conformed to law, so that the dollar would contain $371\frac{1}{4}$ grains, which proportion of fine silver has never since been altered. Had the United States dollar been issued to correspond in content of fine silver to the old Spanish dollar, as was originally intended, it would no doubt long since have become an important agent of commerce."

On the 15th of April, 1832, Mr. Campbell P. White, while a representative at Washington, wrote Samuel Moore, Director of the Mint, the following letter calling his attention to the error:

“ I am decidedly of opinion that our coins, both of gold and silver, which are to be the principal standard of value, should be made to correspond to the proportions used in the French mints, say $\frac{9}{10}$ fine and $\frac{1}{10}$ alloy. Upon examining some documents here, I find that Mr. Rittenhouse conformed to this proportion during the entire period of his service as Director of the Mint, as respects silver, making the dollar 416 grains standard, alloy 41.6 = $374\frac{4}{10}$ grains of fine silver, although this was manifestly unauthorized by law.

“ Mr. De Saussure, for the short period he was in office, did the same, and it was not until Mr. Boudinot succeeded to that situation that it was made to correspond to the law. I am inclined therefore to think that Mr. Rittenhouse had discovered the error into which General Hamilton had fallen respecting the quantity of fine silver in a Spanish milled dollar; because the proportion used by Mr. Rittenhouse is stated to have been sanctioned by the then Secretary of State, Mr. Jefferson, and the Secretary of the Treasury, Mr. Hamilton.”¹

There is a prevailing opinion which seems to have been assiduously cultivated that “ The Fathers of

¹ 22 Cong., 1st Ses., H. R. Rep., 496, p. 17,

the Republic'' were intensely loyal to the American silver dollar and had a far greater appreciation of it as money than has recently been manifested. But this idea has been taught and this sentiment developed at the expense of the truth. The importance of the American silver dollar as a factor in the early monetary history of our country has been greatly exaggerated and the whole number coined in the first sixty years of our national existence was insignificant when compared with the number coined in late years, as appears from the coinage tables and official reports.

From 1793 to 1834, a period of forty-one years, when the country had the double standard and when the ratio of coinage was 15 to 1, there were coined only 1,439,517 silver dollars, an annual average of 35,987 dollars; while from 1835 to 1853, when the weight of the subsidiary coinage was reduced, and as a result the country went to the gold standard, there were coined 1,103,478 silver dollars, an annual average of 61,304 dollars; and from 1793 to 1853, a period of sixty years, the total coinage was only 2,506,880 dollars, an annual average of 42,383 dollars.

From 1793 to 1861,—the beginning of the Civil War, when the country went to the paper basis,

being a period of sixty-eight years, there were coined only 4,132,065 silver dollars, an annual average of 60,765 dollars; and from 1861 to 1873, a period of only twelve years, all of which time the country was on the paper basis, there were coined 3,899,173 silver dollars, an annual average of 324,931 dollars; and from 1793 to 1873, a period of eighty years, the total coinage of silver dollars was 8,031,238, an annual average of 100,390 dollars. During this period there were sixteen years when the annual coinage was less than 50,000 dollars, ten years when it was less than 25,000, and seven years when it was less than 10,000. There was one year when it was 1300 dollars, one when it was 1100, one when it was 1000, one when it was 321, one when it was only 300,—the lowest amount coined in any single year,—and thirty-seven years when none were coined, thirty of these being in succession.

It is thus shown that the American people were imposed upon when they were told that the fathers of the republic were so wedded to the silver dollar as to prefer it to all other money. Examined in the cold light of the government reports and standing strictly upon its merits, neither asking favors nor receiving them, it is beyond indisputable proof that

the silver dollar was not a favorite piece of money in the first sixty years of American history.

In the year 1890 there were coined 38,943,004 silver dollars, nearly five times as many as were coined from 1793 to 1873, a period of eighty years; and more than fifteen times as many as were coined from 1793 to 1853, a period of sixty years; and almost thirty times as many as were coined from 1793 to 1834, a period of forty-one years.

Under the Act of February 28, 1878, there were coined 378,166,793 silver dollars, being an average for the twelve years the act was in force of 31,513,985 dollars.

Under the Act of July 14, 1890, there were coined 68,748,472 silver dollars, and under the Act of March 30, 1891, there were coined 5,078,472 dollars.

The total coinage of silver dollars in the United States from the Act of 1793 to June 30, 1898, was 476,269,835 dollars, all of which, except 8,031,238, were coined since the Act of February 28, 1878.

SUBSIDIARY COINS

The subsidiary silver coins are those of less value than the dollar. They were a full legal tender under the Acts of 1792 and 1837, but the Act of

1853 limited their legal-tender power to five dollars, and the Act of 1873 did the same. From 1793 to 1834 the value of the subsidiary pieces coined amounted to \$38,250,562.90, while the value of these pieces coined from 1834 to 1853 amounted to \$37,484,401.60. The value of such pieces coined from 1853 to 1873 amounted to \$59,047,396.20, and from 1873 to June 30, 1898, their value amounted to \$95,501,669.05, making a total value of all the subsidiary coins from the establishment of the mint to June 30, 1898, of \$241,284,029.75.

On the 22d of July, 1876, Congress passed a Joint Resolution that the Secretary of the Treasury might issue the silver coin in the Treasury to an amount not to exceed ten millions of dollars, in exchange for an equivalent amount of legal-tender notes. The legal-tender notes so received were to be kept as a special fund to be reissued only upon the retirement and destruction of an equal amount of fractional currency¹ when received at the Treasury Department in payment of dues to the United States. The act further provided, that in addition to the amount of subsidiary silver thus issued it should

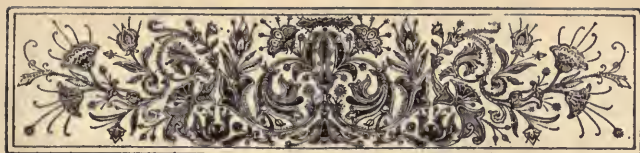
¹ This fractional currency was in denominations of 50, 25, 10, and 5 cents, and was commonly known as *shinplasters*.

be lawful to coin such an amount thereof, that, including the amount of subsidiary silver coin and fractional currency outstanding, should not in the aggregate, at any time, exceed \$50,000,000. The effect of this act was to bring back to the United States by way of imports large sums of subsidiary silver coins which during the time that the country was on the paper basis had gone abroad. The amount of these imports, added to the amount coined under the act, increased the amount of subsidiary coin in the United States to very large sums.

From 1793 to 1853 all silver was coined free and was an unlimited legal tender; from 1853 to 1873 only silver dollars were coined free and were a legal tender; and from 1873 to 1894 no silver was coined free, except trade dollars.¹

¹ White, *Money and Banking*, p. 458.





CHAPTER XXII

THE LESSON OF THE CENTURY

Effect of the Double Standard—Decline in Value of Silver Bullion not an American Question—Relates to the World—Its Effect—Why the United States Prefers the Gold Standard—Gold not the Money of the Rich—All should Prefer the Best Money.

IN tracing the history of coinage in the United States I have endeavored to show that we began our national existence with gold and silver as our standards of money, but were compelled to abandon this double standard early in our history and go to the single standard ; and that the judgment of many of our wisest financiers and greatest statesmen from the beginning of the republic has been that the effort to maintain the double standard was unwise and impracticable and always led to financial difficulties, and that we have had the greatest stability in our monetary system under the single standard. I have not attempted to discuss at length the decline in recent years in the bullion value of silver, because that is not an American question. It relates to the

whole world, because silver bullion has declined in value throughout the world. Even in those countries where silver is the standard money—even in China, the only silver monometallic country in the world—silver has felt the influence of a declining value. Whatever may have been the cause of this decline it must be admitted that it has been universal in its effects. Whether it was due to legislation (as claimed by the friends of silver), or to the almost limitless yield in the production of the silver mines (as claimed by the friends of gold), or whether it was in obedience to some law of commerce and civilization, as yet occult, but which has operated with resistless effect upon the monetary systems of the world, or to each and all of these, the fact is before us and cannot be overlooked that silver has fallen from its old place as one of the standard moneys of the world. So plainly is this fact recognized that it is doubtful if any of the great commercial nations will ever return to the double standard of gold and silver, unless by international agreement, or as the result of some powerful agency which would so operate upon commerce in all the countries as to change the present condition of affairs.

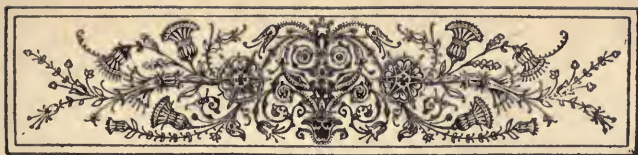
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The reason for the United States preferring gold as the standard is not, as is claimed by some of the advocates of silver, that gold is the money of the rich, but because it is now, and for half a century has been, the standard money of the great commercial nations of the earth. There is no reason for the outcry that gold is the money of the rich people of the United States. Gold is no more the money of the rich than it is of the poor, and the poor and the rich are equally interested in having the best money. The object of every citizen of this country, whether he is very rich, or very poor, or neither, should be to have our money so constant in value that it can always be relied upon as an accurate measure of exchange in foreign and domestic transactions. It is just as important to the man who sells his labor that he receive his pay in the best money as it is to the man who sells his bonds that he be paid in the best money, and every one should understand that it is to their interest to have that kind of money which when they buy will buy the most, and when they pay will pay the most, the world over, regardless of the power and force of legal-tender statutes.



APPENDICES





APPENDIX A

LETTER OF THE BOARD OF TREASURY TRANSMIT- TING THEIR REPORT TO THE PRESIDENT OF CONGRESS

BOARD OF TREASURY, April 8, 1786.

SIR:—We do ourselves the honor of enclosing the report of this Board upon the several references of Congress relative to the establishment of a mint for the United States of America.

We judge it necessary to submit several principles for the decision of Congress, previous to our making a report on this subject, and on the various propositions that have been made for undertaking a copper coinage.

Congress by their Act of the sixth of July last, resolved that the money unit of the United States should be a dollar—but did not determine what number of grains of fine silver should constitute the dollar.

We have concluded that Congress by their act aforesaid intended the common dollars that are current in the United States, and we have made our calculations accordingly—we have assumed various sums for the

money unit, and find that there are several which would make the decimal arithmetic more accurate, when compared with the money of account in the several states, than the dollar which is current at four shillings and six pence sterling. But if the decimal arithmetic should be generally adopted in keeping accounts, this inconvenience will soon be got rid of, probably much sooner than that which might arise from assuming a new, and unusual sum for the dollar or money unit.

The British mint price for a pound, troy weight, of standard silver is sixty-two shillings sterling, which is issued at the same value after it is coined. It will appear from the propositions we have submitted that we have made a difference of two per cent. between coined and uncoined silver, which addition of two per cent. to the coined silver appears to us to be necessary on account of waste, and also to defray the expense of coinage.

A pound, troy weight, of standard silver of the United States will therefore be issued from their mint, at the rate of three pounds, three shillings, and three pence sterling, or four pounds, four shillings, and four pence lawful money. The money unit or dollar will contain three hundred and seventy-five grains and sixty-four hundredths of a grain of fine silver. A dollar containing this number of grains of fine silver, will be worth as much as the new Spanish dollars.

We have also considered gold as being of a different value before and after it is coined, making an allowance for coinage of one half per cent.

We find the difference that custom has established between coined gold and coined silver in the United States to be nearly as one of the former to fifteen and six tenths of the latter. We have endeavored to preserve this relative difference, as we apprehend less inconvenience will arise from it among the citizens of the United States, than from reducing the relative value, which however has been proposed by all those who have written upon the subject of a coinage for the United States; but it does not appear from what they have said that they have attended accurately to the real difference which custom has established between gold and silver in the United States.

We find the relative value between gold and silver to be as follows:

England as one is to 15.210

France as one is to 14.458

Spain as one is to 14.85

Holland as one is to 14.44

Portugal as one is to 15.78

America as one is to 15.6 nearly.

We have proposed that there shall be two pieces of gold, the one equal to ten dollars, weighing 246.268 grains of fine gold, and the other equal to five dollars,

weighing 123.134 grains of fine gold; which will preserve the current value of gold, very nearly the same as it is at present.

We should have submitted our propositions on this subject sooner, if a sufficient number of states had been convened to determine on the object of this report. Our first idea was to fix the value of the dollar or money unit at four shillings 2 sterling. And we had prepared several tables to show the operations of decimal computation when compared with that of the money account in the several states, valuing the dollar at 4s 2 and at 4s 6 sterling. But after mature reflection we judge it most advisable, for the reasons mentioned in the former part of our letter, to adopt the value of the present current dollar for the money unit; and to make our report conformably to it.

We have likewise enclosed a report, formed on the principle of fixing the dollar (or money unit) at 6s 3 sterling, and have added to the tables above mentioned certain calculations which will show the operation of the decimal arithmetic, establishing the dollar at 6s 3, or 12s 6 sterling. Should the last sum be adopted for the money unit (which we are informed has been suggested), the report last mentioned can be easily made conformable to it. In that case the unit will be a money of account (as the English pound sterling) and not an actual coin.

When Congress have determined the certain value of the money unit, we shall be ready to report immediately on the different propositions which have been laid before that honorable body for the establishment of a copper coinage; an object which becomes daily of more consequence, not only from the foreign importation of base copper coin; but from private contracts made in some of the states for striking copper, the specimens of which are extremely base and ill-executed.

We have the honor to be your excellency's obedient and humble servants,

SAMUEL OSGOOD.

WALTER LIVINGSTON.¹

His Excellency the President of Congress.

¹ Manuscript vol. cxxxix., pp. 131-137, Letters and Reports of the Superintendent of Finance, Department of Rolls.





APPENDIX B

The Board of Treasury, to whom it was referred to report the form of an ordinance for the establishment of a Mint, and the proposals of sundry individuals relative to copper coinage,

Beg leave to report to Congress,

That, after a mature consideration of this subject, they are of opinion, that it will be necessary to submit to their consideration certain principles relative to the weight and alloy of gold and silver coins, previous to the establishment of the proposed ordinance; they therefore submit the following propositions:

That the standard of the United States of America for gold and silver shall be eleven parts fine, and one part alloy.

That the money unit of the United States (being by the resolve of Congress of the 6th of July last, a dollar) shall contain, of fine silver, three hundred and seventy-five grains and sixty-four hundredths of a grain.

That the money of account, (to correspond with the

division of coins, agreeably to the above resolve,) should proceed in a decimal ratio, agreeably to the forms and manner following, viz.

Mills. The lowest money of account, of which one thousand shall be equal to the Federal dollar, or money unit, 0.001.

Cents. The highest copper piece, of which one hundred shall be equal to the dollar, 0.010.

Dimes . . . The lowest silver coin, ten of which shall be equal to the dollar, 0.100.

Dollar The highest silver coin, 1.000.

That betwixt the dollar and the lowest copper coin, as fixed by the resolve of Congress of the 6th July last, there shall be three silver coins and one copper coin.

That the silver coins shall be as follows:

One coin containing one hundred and eighty-seven grains and eighty-two hundredths of a grain of fine silver, to be called A Half Dollar.

One coin containing seventy-five grains and one hundred and twenty-eight thousandths of a grain of fine silver, to be called A Double Dime.

And one coin containing thirty-seven grains and five hundred and sixty-four thousandths of a grain of fine silver, to be called A Dime.

That the two copper coins shall be as follows:

One equal to the one hundredth part of the federal dollar, to be called a cent.

And one equal to the two hundredth part of the federal dollar, to be called a half cent.

That two pounds and a quarter, avoirdupois weight, of copper, shall constitute one hundred cents.

That there shall be two gold coins.

One containing two hundred and forty-six grains and two hundred and sixty-eight thousandths of a grain of fine gold, equal to ten dollars, and to be stamped with the impression of the American eagle, and to be called An Eagle.

One containing one hundred and twenty-three grains and one hundred and thirty-four thousandths of a grain of fine gold, equal to five dollars, to be stamped in like manner, and to be called A Half Eagle.

That the mint price of a pound, troy weight, of uncoined silver, eleven parts fine, and one part alloy, shall be nine dollars, nine dimes, and two cents.

The mint price of a pound, troy weight, of uncoined gold, eleven parts fine, and one part alloy, shall be two hundred and nine dollars, seven dimes, and seven cents.

All which is humbly submitted to the judgment of Congress.

SAMUEL OSGOOD.

WALTER LIVINGSTON.¹

April 8, 1786.

¹ Manuscript vol. cxxxix., pp. 139-142, Letters and Reports of the Superintendent of Finance.



APPENDIX C

The following observations on the principles upon which the above report is founded, are annexed for the consideration of Congress.

Mr. Jefferson, in his notes on the establishment of a money unit, and on a coinage for the United States, observes, that in fixing the unit of money, these circumstances are of principal importance:

1st. "That it be of convenient size to be applied as a measure to the common transactions of life."

2d. "That its parts and multiples be in an easy proportion to each other, so as to facilitate the money arithmetic."

3d. "That this unit, and its parts, or divisions, be so nearly of the value of some known coins, as that they may be of easy adoption for the people."

"That the Spanish dollar seems to fulfil all these conditions."

It is readily acknowledged that no money unit can be adopted by the United States that will be so familiar to, and well known by the people, as the dollar that is gen-

erally current at four shillings and six pence sterling; and that the size will be convenient as a common measure. If there should be any objections against adopting it, they must arise from the decimal divisions of it. It is probable that some other sum might be adopted for the money unit, which would free the decimal arithmetic from those inconveniences which are occasioned by quantities that cannot be noted down decimally, or when noted down, do not correspond with the value of any known coins. If the common dollar should be fixed upon as a money unit, the cents will not correspond with any copper coin known in the United States. A single cent will be about eight per cent. better than a British half-pence.

In the aforesaid notes it is observed, that should the unit be fixed at three hundred and sixty-five grains of fine silver, gold at fifteen for one (or rather at one for fifteen), and the alloy of both be one twelfth, the weight of the coins will be as follows:

The golden piece, containing $243\frac{1}{3}$ grains of pure metal, 22.12 grains of alloy, will weigh 11 dwt. 14.18 grains.

The unit or dollar, containing 365 grains of pure metal, 33.18 grains of alloy, will weigh 16 dwt. 14.18 grains.

The half dollar, or five tenths, containing $182\frac{1}{2}$ grains of pure metal, 16.59 grains of alloy, will weigh 8 dwt. 7.09 grains.

The fifth, or pistereen, containing 73 grains of pure metal 3.318 grains of alloy, will weigh 1 dwt. 15.818 grains.

The twentieth, or half-bit, containing $18\frac{1}{4}$ grains of pure metal, 1.659 grains of alloy, will weigh 19.9 grains.

It is necessary to assume a principle by which we may determine whether the above weights are right. And for this purpose let us adopt the value of a pound troy weight of silver, the same as the British have done, viz. 62s. sterling, without making any allowance for the difference of alloy. Let there be allowed for waste and expence of coinage, 2 per cent. for silver, and an half per cent. for gold.

$$\begin{array}{l} 744d : 5.280 :: 54 : 383.225 \\ 102 : 100 :: 383.225 : 375.71 \end{array}$$

Therefore the unit, or 54d. sterling, ought to contain 375.71 grains fine silver.

In 54d. British money there are.... 385.365 ditto

Difference..... 9.715

Mr. Jefferson places 54d at..... 365 grains pure metal

Difference between this and British 20.365

385.365

Mr. Jefferson therefore proposes to issue a piece of silver money, nominal worth 54d sterling, but really $5\frac{1}{2}$ per cent. less valuable.

The piece of gold equal to ten dollars, ought to weigh

	250.42 grains pure
Proposed weight.....	243.333
Difference	7.087

To issue a golden piece in England equal to 540d it should contain of fine gold,—

	254.14 grains fine
Proposed weight.....	243.333
Difference.....	10.807

If Congress should adopt Mr. Jefferson's plan, then we should have gold and silver coins about five per cent. less valuable than British money. As this is too great an allowance for waste and expense of coinage, the pieces mentioned by Mr. Jefferson, ought to weigh as follows, making an allowance of two per cent. for silver, and a half per cent. for gold, for coinage, &c.

SILVER PIECES

The money unit, or dollar.....	375.71 grains fine silver
The half dollar	187.85
The pistareen, or two tenths.....	75.14
The tenth.....	37.57

GOLD PIECES

One equal to ten units, 250.42.....	} relative value
One equal to five units, 125.21.....	
	1 for 15.

To make the above weights of gold correspond with the following calculations there ought to be three per cent. added to the 375.71 grains of fine silver in the money unit.

As 252d or 21s sterling is to 118.65 grains fine gold in a guinea, so is 540d or ten dollars, to the number of grains of fine gold that there should be in 540d, agreeably to the British.

$$\begin{array}{l} 252d : 118.65 :: 540d : 254.14 \\ 100.5 : 100 :: 254.14 : 252.875 \end{array}$$

Therefore, to deduct half per cent. for coinage, there ought to be in ten dollars 252.875 grains fine gold.

If it should be thought best to preserve the same relative value between gold and silver that custom has established in the United States, then the two pieces of gold above mentioned ought to weigh as follows:

(Table omitted.)

The true relative value between gold and silver coins in England, is as follows. 5280 grains of fine silver, pass for 61s. 5¼d. sterling; and 5.250 grains of fine gold pass for 11.214d sterling.

(Table omitted.)

If therefore the money unit contains of fine silver 375.71 grains, ten times that will be 375.710, which, divided by the number of grains in the piece of gold equal to ten dollars, will be

246.268 | 375.710 | 15.256 relative difference in the United States.¹

¹ Manuscript vol. cxxxix., pp. 142-147, Letters and Reports of the Superintendent of Finance.



APPENDIX D

PRINCIPLES FOR ESTABLISHING A COINAGE, VALU- ING THE DOLLAR AT FOUR SHILLINGS TWO PENCE STERLING

The Board of Treasury, to whom it was referred to report the form of an ordinance for the establishment of a MINT, and the proposals of sundry individuals relative to copper coinage,—

Beg leave to report to Congress,—

That, after a mature consideration of this subject, they are of opinion, that it will be necessary to submit to their consideration certain principles relative to the weight and alloy of gold and silver coins, their proposed relative value, the price of foreign coin, and the money of accompt, previous to the establishment of the proposed ordinance.

That the standard of the United States of America for gold and silver, shall be eleven parts fine, and one alloy.

That the money unit of the United States (being by the resolve of Congress of the 6th July last, a dollar)

shall contain, of fine silver, three hundred and fifty grains and nine tenths of a grain.

That the money of account (to correspond with the divisions of coins, agreeably to the above resolve) should proceed in a decimal ratio, agreeably to the forms and manners following, viz.:

Mills (The lowest money of account), of which one thousand shall compose the federal dollar, the money unit, 0.001.
Cents . . . (The highest copper coin) of which ten should constitute a coin to be styled a dime, equal to mills 0.010.
Dimes . . . (The lowest silver coin), of which ten shall compose a dollar, each of which to be equal to mills 0.100.
Dollar . . . The highest silver coin, equal to mills 1.000.

That betwixt the dollar (the money unit, which will be represented by a coin containing the quantity of fine silver, as specified in the first proposition) and the lowest copper coin, (as fixed by the resolve of Congress of the 6th July last) there shall be three silver coins and one copper coin.

That the silver coins shall be as follows:

One coin containing one hundred and seventy-five grains, four tenths, and one twentieth part of a grain of fine silver, to be called, A Half Dollar.

One coin containing twenty-one grains and eight tenths of a grain of fine silver, to be called a Double Dime.

One coin containing thirty-five grains and $\frac{900}{10000}$ of a grain of fine silver, to be called a Dime.

That the two copper coins shall be as follows:

One equal to one hundredth part of the federal dollar, to be called, a cent.

One equal to the two hundredth part of a federal dollar, to be called, a half cent.

That two pounds avoirdupois weight of copper, shall constitute one hundred cents, and so on in proportion of the lowest copper coin.

That there shall be two gold coins:

One containing $237\frac{9}{10}$ grains of fine gold, equal to ten dollars, to be stamped with the impression of an eagle, called by the name Eagle.

The other containing $118\frac{85}{100}$ grains of fine gold, equal to five dollars, stamped in like manner, and called Half Eagle.

That the mint price for one pound weight troy of gold, 11 parts fine, and 1 part alloy, should be 220 dollars, 8 dimes, 3 cents, and 2 mills.

That the mint price of a pound troy of silver, eleven parts fine, and one part alloy, should be fourteen dollars, seven dimes, four cents, and six mills.

That the gold coin of the United States of America shall be one half per cent. above the mint price.

That the silver coin of the United States of America shall be two per cent. above the mint price.

That foreign coin shall be current at the Treasury of the United States, at the mint price.

That after the year no foreign brass or copper pieces shall be current in the United States of America.

(Tables omitted.)

As no profit is to be made by the public on coinage, it will be sufficient to allow a half per cent. for the waste and expence of the coinage of gold. And two per cent for the waste and expence of the coinage of silver.

(Tables omitted.)

A federal dollar therefore, upon the above principles, must have $350\frac{9}{10}$ grains of fine silver.

(Tables omitted.)

From the above may be ascertained the price that must be given at the mint for a pound of standard silver; for every one hundred grains that the mint gives, it must receive one hundred and two in exchange. As a standard pound contains 5280 grains of fine silver, if two per cent. is deducted therefrom, and the remainder divided by 350.9, the quotient will be the amount that must be given for the same in dollars and parts of dollars.

(Table omitted.)

GOLD

It is proposed that the difference between gold and silver shall be as 1: 14.75—when the value of silver is

established and the difference between that and gold, the necessary calculations may soon be made, calculating agreeably to the above difference 14.75×5253.6 the number of fine grains of gold in a pound troy, after deducting therefrom half per cent. for coinage, will be the number of grains of fine silver that must be given for a pound troy of uncoined gold.¹

(Tables omitted.)

¹ Manuscript vol. cxxxix., pp. 151-175, Letters and Reports of the Superintendent of Finance.





APPENDIX E

The Board of Treasury, to whom it was referred to report the form of an ordinance for the establishment of a MINT, and the proposals of sundry individuals relative to copper coinage,—

Beg leave to report to Congress,—

That after a mature consideration of this subject, they are of opinion, that it is necessary to submit to the consideration of Congress, certain principles relative to the weight and alloy of gold and silver coins, their proposed relative value, the value of foreign coin, and the money of account, previous to framing the proposed ordinance—

They therefore submit the following propositions:

That the standard of the United States of America for gold and silver shall be eleven parts fine and one part alloy.

That the money unit of the United States (being by the resolve of Congress of the 6th July last a dollar) shall contain of fine silver five hundred and twenty-one grains, and seventy-three hundredths of a grain.

That the money of account to correspond with the divisions of the coins, agreeably to the above resolve, shall proceed in a decimal ratio, according to the terms and measures following:

Mills	The lowest money of account, of which one thousand shall be equal to the money unit, or dollar, 0.001
Cents	The highest copper piece, of which one hundred shall be equal to the dollar, 0.010
Dimes	The lowest silver coin, of which ten shall be equal to the dollar, 0.100
Dollar	The highest silver coin, 1.000

That between the dollar and the lowest copper coin as fixed by the resolve of Congress of the 6th July last, there shall be three silver coins and one copper coin.

That the silver coins shall be as follows: one coin containing two hundred and sixty grains and ninety-six hundredths of a grain of fine silver, to be called An Half Dollar.

One coin containing one hundred and four grains and three hundred and forty-six thousandths of a grain of fine silver, to be called A Double Dime.

One coin containing fifty-two grains and one hundred and seventy-three thousandths of a grain of fine silver, to be called A Dime.

That there shall be three gold coins as follows:

One containing three hundred and forty-seven grains

and eighty-two hundredths of a grain of fine gold, equal to ten dollars, to be stampd with the impression of the American eagle, and to be called An Eagle.

One containing one hundred and seventy-three grains and ninety-six hundredths of a grain of fine gold, to be stampd in like manner, and to be called An Half Eagle.

And one containing eighty-six grains and ninety-eight hundredths of a grain of fine gold, to be stampd in like manner, and to be called a quarter of an Eagle.

That the mint price for one pound troy weight of uncoined gold, eleven parts fine and one part alloy, shall be one hundred and fifty-one dollars, no dimes, three cents, and eight mills.

That the mint price of a pound troy weight of uncoined silver, eleven parts fine and one part alloy, shall be nine dollars, nine dimes, and two cents.

That foreign coin shall be current at the Treasury of the United States at the mint price.

That the two copper coins shall be as follows: One equal to the one hundredth part of a federal dollar, to be called a cent.

And one equal to the two hundredth part of the federal dollar, to be called An Half Cent.

That three pounds avoirdupois weight of copper shall be divided into one hundred cents.

REMARKS ON THE WITHIN REPORT

If the federal dollar or money unit of the United States should be fixed at 8s. 4. lawful money, the decimal arithmetic will be more accurate and exact than if it should at either $4/6$ or $4/2$ sterling, and the divisions would correspond with the known coins.

The standard for silver of Great Britain is 11 oz. 2 dwts. fine and 18 dwts. alloy in the pound troy.

As it is proposed that the standard for silver of the United States shall be eleven parts fine and one part alloy, there will be a difference of $9/10$ of one per cent. in favor of the British standard for silver.

A pound troy weight of silver in England contains 5328 grains of fine silver, and when coined is issued to the public at the rate of 62s. sterling, or 82s 8 lawful money.

If therefore two per cent. should be allowed for waste and coinage, and this is added to the 82s 8 it will amount to 84s 4, which is equal to 1012d.

The following proportion will show the quantity of fine silver that the federal dollar must contain:

1012d : 5280 : : 100 : 521.73 grains of fine silver.

The two per cent. for coinage, and the nine tenths of one per cent. difference of alloy will make the real difference between American and British silver money 2 $9/10$ per cent. in favor of the British.

If the relative value between gold and silver should be fixed as one of the former to fifteen of the latter, and there should be a difference in favor of coined gold when compared with uncoined gold of one half per cent. the following calculations will show the number of grains of gold that the golden pieces ought to contain.

As the pound troy of silver is equal to 1012d the pound troy of gold at the difference of 1 for 15 will be equal to 15,180d. If 5280 grains of fine gold, when coined, shall be worth 15.180d—then a thousand pence or ten dollars will have 347,82 grains of fine gold.¹

(Tables omitted.)

¹ Manuscript vol. cxxxix., pp. 177-185, Letters and Reports of the Superintendent of Finance.





APPENDIX F

The Committee appointed on the 19th April 1776, to ascertain the value of the Several Species of Gold & Silver current in these Colonies & the proportion they and each of them bear & ought to bear to Spanish milled dollars have taken the same into consideration & thereupon came to the following resolutions—

Whereas the holders of Bills of Credit emitted by Authority of Congress will be entitled, at certain periods appointed for redemption thereof, to receive out of the treasury of the United Colonies the amount of the Said Bills in Spanish Milled Dollars, or the value thereof in Gold or Silver, and the value of such dollars, compared with other silver and with gold coins, is estimated by different standards in different colonies, whereby injustice may happen in some instances to the public, as well as to individuals, which ought to be remedied. And Whereas the credit of the said Bills, as current Money ought to be supported by the inhabitants of these Colonies, for whose benefit they were issued at the full value therein expressed, and who stand bound to redeem the same, ac-

according to the like value and the pernicious artifices of the Enemies of American Liberty to impair the credit of the said Bills by raising the nominal value of Gold & Silver ought to be guarded against & prevented—therefore

Resolved, that the several Gold & Silver Coins passing in the said Colonies shall be received into the Public Treasury of the Continent, and paid out in exchange for Bills emitted by authority of Congress, when the same shall become due, at the rates set down in the following table:—

	dwt.	grains.	Value in Dollars.
English Guineas.....	5	6	4 $\frac{2}{3}$
French Guineas.....	5	5	4 $\frac{5}{8}$
Johannes.....	18	0	16
Half Johannes.....	9	0	8
Spanish Pistole.....	4	8	3 $\frac{2}{3}$
French Ditto.....	4	4	3 $\frac{1}{2}$
Doubloux.....			
Moidore.....	6	18	6
English Crown.....			1 $\frac{1}{6}$
French Crown.....			1 $\frac{1}{6}$
English Shilling.....			$\frac{2}{5}$
Spanish milled dollar....			1 Dollar of Continental Money.

Resolved that a deduction at the rate of one twenty-ninth part of a Dollar p. grain shall be made of Gold Coins falling Short of the weight Specified in the aforesaid table, and an advance at the same rate shall be allowed on such as exceed the aforesaid weight—

Resolved that all parts of the Several Gold Coins before enumerated shall be rated in just proportion according to the foregoing table and that gold in bullion shall be at the rate of Seventeen Dollars per ounce Troy weight sterling alloy, and silver at one Dollar and one ninth of a Dollar p. ounce—

Resolved, That all Bills of Credit emitted by authority of Congress ought to pass current in all payments, trade, and dealings in these colonies, and be deemed equal in value to gold and silver, according to the rates set down in the foregoing table; and that whosoever shall offer, demand, or receive more in the Said bills for any Gold or silver Coins, or bullion, than at the rates aforesaid, or more of the said Bills for any lands, houses, goods, wares, or merchandise than the nominal sum at which the Same might be purchased of the same person with Gold or Silver, every such person ought to be deemed an enemy of the liberties of these Colonies, and treated accordingly, being duly convicted thereof before the committee of inspection of the City, County, or District or in case of appeal from their decision, before the Assembly, Convention, Council, or Committee of safety or before such other Persons or Courts as have or shall be authorized by the General assemblies or conventions of the Colonies respectively to hear & determine Such offenses.¹

¹ Manuscript Report Committee of Finance, vol. xxvi., p. 3.



APPENDIX " G "

LETTER FROM JEFFERSON TO HAMILTON

February —, 1792.

DEAR SIR:—I return you the report on the mint, which I have read over with a great deal of satisfaction. I concur with you in thinking that the unit must stand on both metals, that the alloy should be the same in both, also in the proportion you establish between the value of the two metals. As to the question on whom the expense of coinage is to fall, I have been so little able to make up an opinion satisfactory to myself as to be ready to concur in either decision. With respect to the dollar, it must be admitted, by all the world, that there is great uncertainty in the meaning of the term, and therefore all the world will have justified Congress for their first act of removing the uncertainty by declaring what they understand by the term, but the uncertainty once removed, exists no longer, and I very much doubt a right now to change the value and especially to lessen it. It would lead to so easy a mode of paying off

their debts. Besides, the parties injured by this reduction of the value would have so much matter to urge in support of the first point of fixation. Should it be thought, however, that Congress may reduce the value of the dollar, I should be for adopting for our unit, instead of the dollar, either one ounce of pure silver, or one ounce of standard silver, so as to keep the unit of money a part of the system of measures, weights and coins. I hazard these thoughts to you extempore, and am, Dear Sir, respectfully and affectionately,

TH. JEFFERSON.

To Col. ALEXANDER HAMILTON.





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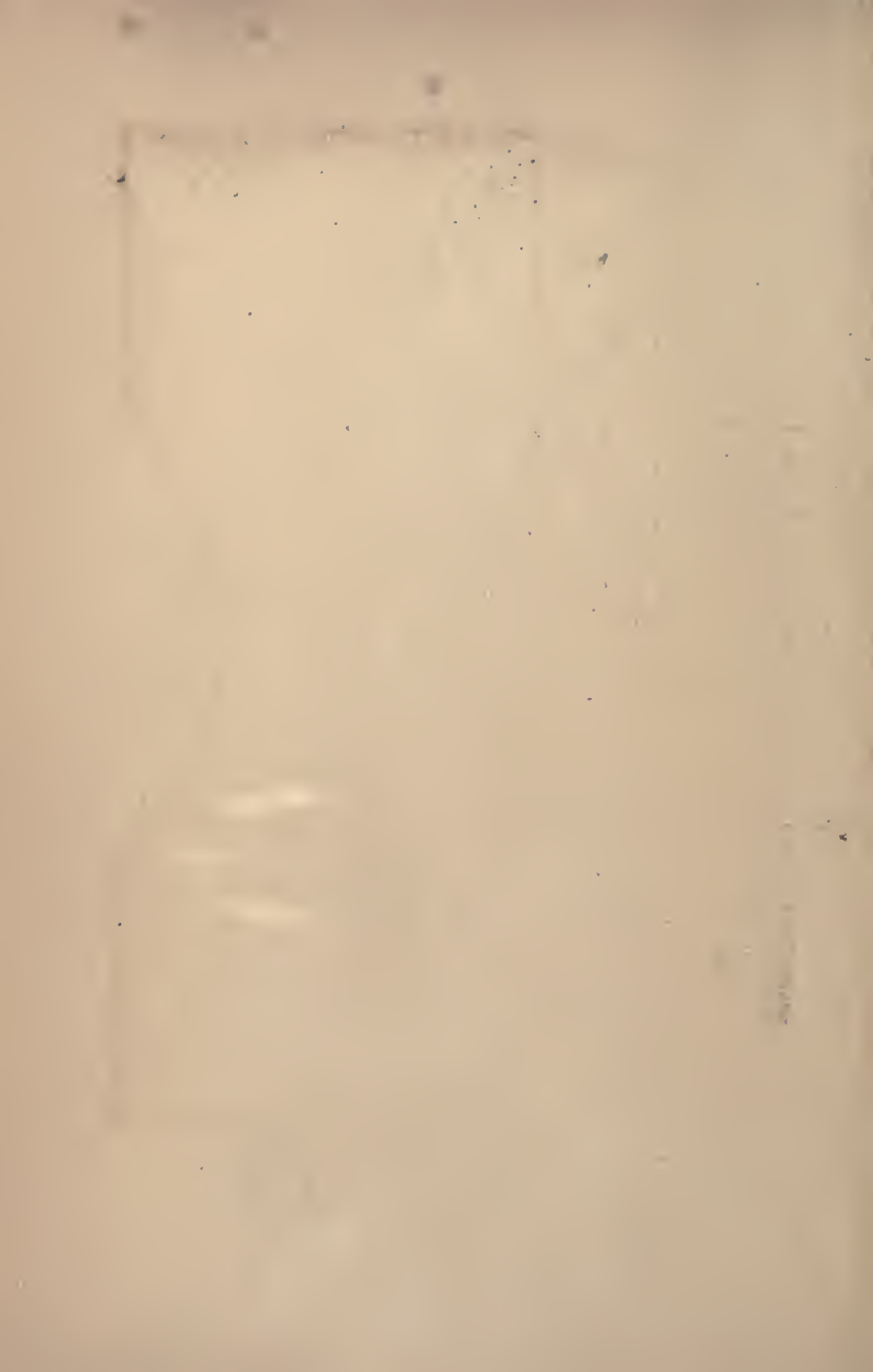
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